

PZ CUSSONS PLC

28 July 2009

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MAY 2009

PZ Cussons Plc, the leading international consumer products group in personal and non-personal care categories, announces its preliminary results for the year ended 31 May 2009.

Results (before exceptional items ¹)	YE 31/05/09	YE 31/05/08	% change
Revenue	£838.1m	£660.9m	27%
Operating profit	£90.6m	£76.4m	19%
Profit before tax	£88.8m	£76.5m	16%
Adjusted basic earnings per share	12.39p	10.78p	15%
Statutory results			
Operating profit	£86.2m	£76.4m	13%
Profit before tax	£84.4m	£76.5m	10%
Basic earnings per share	11.64p	11.04p	5%
Total dividend per share	5.27p	4.70p	12%
Net funds / (debt) ²	£23.2m	(£32.0m)	

¹ Exceptional items are detailed in note 2.

² Net funds / (debt), above and hereafter, is defined as cash, short-term deposits and current asset investments less borrowings (refer to note 8).

Highlights

Group

- Good trading performance across the Group despite the difficult economic environment
- Strong cash flow from operations and from significant reduction in working capital levels resulting in a return to a net funds position
- Capital investment programme continued with £46m expenditure in the year funded from cash flow
- Total dividend increased 12% year on year

Africa

- Continued political and economic stability with Nigeria less impacted by the global credit crunch
- Continued growth in all categories of Personal Care, Home Care, Electricals and Nutrition
- The £39m investment project in manufacturing and distribution facilities in Nigeria well under way
- Further electrical retail outlets opened taking the total to four in Nigeria and one in Ghana

Asia

- Good performance in Australia and Indonesia despite adverse cost and exchange rate impacts
- No. 1 position in baby care in Indonesia extended with the successful launch of the 'Cussons First Years' premium range

Europe

- Robust performance in the UK with the No. 1 position in the personal wash category maintained through a continued brand renovation programme
- Profitable growth delivered by The Sanctuary in its first full year within the Group
- The £26m manufacturing facility and innovation centre in Manchester completed on schedule in February and now fully operational
- Strong performance in Greece through new product launches and bolt on acquisitions

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- The Group's nutrition joint venture in Nigeria, whilst now profitable, was particularly hit by adverse milk costs early in the financial year resulting in a loss to the Group of £4.1m (2008: £0.2m).

Excluding the year on year effect of these, operating profit rose 13.4% versus the prior year.

Financial position - overview

The highlight of the year was the significant progress achieved in reducing the Group's working capital levels which closed the year at 15% of revenue versus the prior year closing position of 26% of revenue. This was principally achieved through:

- A major inventory project in Nigeria focused on reducing overall levels, buffer stocks and lead times
- A group wide initiative to realign supplier payment terms
- The benefit of the new UK manufacturing facility which has enabled a move to a much lower inventory holding

The Group also continued with its capital investment programmes with the completion of the new UK facility at a cost of £26m and further progress on the £39m project in Nigeria. The latter is the last major project required to upgrade the Group's manufacturing capability to a high standard of efficiency and to provide for medium to long term capacity. A total of £46m was invested in capital expenditure in the year.

Further investment in the year saw £5.2m invested in the purchase of additional shares in the Nigerian subsidiary and £3.6m for a brand acquisition in Greece.

Cash generated from operations, as a result of strong profitability and the significant reduction in working capital, was £145.2m (2008: £53.0m) and has therefore enabled a return to a net funds position of £23.2m at the year end (2008: net debt of £32.0m) despite the significant capital investment programme.

Major projects

Updates on major projects are as follows:

The new UK personal wash facility was completed on schedule in February. The site encompasses a state of the art liquids manufacturing facility with capacity for over 100 million bottles per annum, a world class perfumery and an integrated research and development centre. The benefits of having the three elements co-located on one site are already being experienced.

In Nigeria, 'Project Unity' is well under way with phase one almost complete. This has seen the relocation and upgrade of personal care production facilities and the construction of a world-class national distribution centre, the first of its kind in Nigeria. Phase two will see investment in soaps and detergents manufacturing capability to upgrade these to modern standards and provide additional capacity for the future. The majority of expenditure for phase two is likely to be incurred by the end of the 2010 financial year with physical completion in the subsequent year.

Regional reviews

Performance by region

	Revenue (£m)		Operating profit before exceptional items ¹ (£m)	
	2009	2008	2009	2008
Africa	415.0	309.1	39.5	33.6
Asia	135.0	116.0	10.2	10.2
Europe	288.1	235.8	40.9	32.6
Total	838.1	660.9	90.6	76.4

¹ Exceptional items are detailed in note 2.

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Africa

In **Nigeria**, the political environment has remained stable with the country now having experienced many years of democratic government. Economically, whilst not totally immune from the global credit crunch, Nigeria has proved robust with continued positive macroeconomic growth. Whilst the oil price has now fallen from record highs, it remains at a level that provides the country with adequate income to fund its slow but steady investment programme.

The impact on the Group's Nigerian business of the oil price drop is one of underlying falls in oil related raw material costs offset by a managed depreciation of the Naira. The timing of raw material purchases together with levels of inventory holdings and wider supply chain management have been particularly challenging in the year.

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Within the Nigerian listed company, the Group operates its personal care and home care divisions as well as its supply chain and distribution operations. During the year, the Group increased its holding in the subsidiary from 61% to 64% at a cost of £5.2m.

Both the personal care and home care divisions experienced strong revenue and profitability growth in the year with brand renovation programmes strengthening the category leading positions in soaps, detergents, skincare, haircare, baby care and medicaments. The Nigerian business continues to be well placed to react to any economic environment with product offerings in the economy, mid and premium segments and thus giving the Nigerian consumer a choice of 'PZ' quality product across the price range.

One of the Group's key strengths in Nigeria continues to be its supply chain and distribution operations. In terms of inward supply chain, despite disruption to the port operations midway through the year, further reductions in clearance times have been achieved thus enabling more efficient transfer of raw materials from port through to the factories. The new national distribution centre is almost complete and will enable more finished goods to be held centrally with lower stocks held at the 26 depots nationwide. Overall, this will reduce total finished goods levels and enable a quicker and more efficient replenishment of the depots. PZ Cussons Nigeria Plc continues to act as distributor for all of the following businesses:

HPZ Ltd

The electrical goods joint venture with Haier of China, 74% owned by PZ Cussons Nigeria Plc, has continued to experience strong revenue and profitability growth in the year. The brand, Haier-Thermocool, continues to be priced at the premium end and is synonymous with quality for the Nigerian consumer. In a market which is becoming more competitive, the category leading positions are being protected by offering a unique after sales package including nationwide service centres and a national customer call centre. The brand equity is also enhanced by the presence of world-class electrical retail outlets. Branded as 'HT Cool World', two further outlets have opened in Nigeria during the year taking the total to four.

Harefield Industrial Nigeria Ltd

This is a relatively newly incorporated subsidiary, 100% owned by the Group. It has been established to service the needs of consumers in categories adjacent to those in which the Group currently operates. The main products currently being sourced by this business are fuel powered generators, which service the needs of consumers in an environment where state power supply is infrequent and unreliable, and these are sold under the 'TEC' brand name. Revenue and profitability growth of this new business area was strong in the financial year and opportunities to expand the product portfolio are currently being explored.

Nutricima Ltd

The joint venture with Glanbia Plc, 50% owned by the Group, has seen brand growth and manufacturing investment progress well during the year. However, the very significant spike in milk costs early in the financial year resulted in those high cost stocks remaining in the supply chain throughout the majority of the year. These costs were unable to be passed on to the consumer and resulted in a £4.1m loss to the Group in the year. The business is now trading profitably. Sales of products from the first factory, namely powdered and evaporated milk sold under the Nunu, Olympic and Coast brands are progressing well. In addition, the portfolio has been enhanced with the launch of a new powdered yoghurt drink under the brand name Yo! Total revenue for the joint venture has now grown to £60m. A second factory has now been completed which is a state of the art UHT facility, the first of its kind for Nigeria, and will manufacture UHT milk and other long life drinks under the

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current brand names. This second factory has now begun production and will gradually increase volumes over the coming months.

Ghana has successfully expanded its product portfolio to include nutritional and electrical products and has opened its first HT Cool World store during the year. Performance in **Kenya** is in line with the previous year in a market that is relatively flat.

Asia

Revenue in **Australia** grew versus the prior year, however profitability was impacted by high raw material costs, particularly in the first half of the year, and by the depreciation of the Australian dollar versus the US dollar. Despite this, the category leading positions of the fabric care and dish wash brands were maintained through a continued brand renovation programme. This included the relaunch of all fabric care products in super-concentrated format as part of an industry wide move in the second half of the financial year.

In **Indonesia**, Cussons Baby extended its number one position in the baby care category through the launch of 'Cussons First Years' which is a premium range offering products for pre-natal, baby and toddler needs. Sales of Imperial Leather, Morning Fresh and Cussons Extreme have also continued to progress well. Revenue was ahead of the prior year although profitability was also impacted by adverse cost and exchange rate movements, together with the launch costs of the new range of products.

Sales and profitability of the other Asian units, **Thailand** and the **Middle East**, were ahead of the prior year. The Group's sales operation in **Malaysia** was closed at the end of the financial year with all products to be sold directly from Indonesia.

Europe

In the **UK**, trading has been strong with like-for-like sales (excluding The Sanctuary) up 7.5% versus the prior year and profitability also ahead. This has been achieved despite the difficult economic environment which saw negotiations with retailers becoming tougher and consumers focusing much more on the price in store.

With a strategy of 'local brands for local markets', the UK business has been able to tailor both the price and the product to suit the economic conditions in the UK market. This has been supported by a brand renovation programme which continues to see the launch of a higher number of new products compared to the competition. The Imperial Leather range was completely relaunched with a refreshed look and exciting new fragrances. The Original Source brand continued to perform well and the range was extended with a new men's range of products. The Charles Worthington haircare brand maintained its number two position in the professional haircare market and saw the launch of a 'Time Defy' range of products. Carex has continued to maintain its number one position as the UK's leading antibacterial handwash with the range of waterless hand gels performing particularly well in a climate where there is additional consumer focus on hand hygiene. Overall, the UK business has maintained its number one position in the UK's personal wash category.

The new personal wash centre of excellence at Agecroft, Manchester, opened on schedule in February and the UK business is now benefiting from having the manufacturing, perfumery and research and development facilities co-located on one site. The additional capacity provided by the factory will enable the business to respond quickly and efficiently to additional demand from the market. A further manufacturing line will be installed in September enabling some products which are currently out-sourced to third parties to be brought in-house. The vacant sites in Nottingham and Ellesmere Port continue to be marketed and are expected to be sold when the property market recovers.

The Sanctuary, purchased in January 2008, has continued to perform strongly in its first full year within the Group. Product sales have been well ahead of the prior year with loyal consumers continuing to purchase a range that offers quality products at excellent value in the current climate. The Christmas gift range, which is renovated with a completely new set of products each year, performed particularly strongly with over 1.3 million gifts sold over the festive period. A significant number of new product launches have also taken place during the second half of the financial year. The spa in Covent Garden continues to perform well with utilisation close to the capacity of 64,000 visitors per year. Consideration continues to be given to the opening of other spa locations in the UK to extend the reach of the spa experience to consumers outside London.

Finally, the Group's new Head Office at Manchester Business Park, adjacent to Manchester Airport, and which will be occupied on a lease basis, is on schedule for completion in Spring 2010.

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In **Poland**, focus this year has been on the core brands 'E' (clothes detergent, fabric conditioner and household cleaning products) and Luksja (bar soaps and shower gels) following the sale last year of the non-core skincare brands. In personal wash, progress has been achieved through the adoption of the UK concepts of limited editions and other UK pack formats. Export sales have also continued to progress well.

In **Greece**, excellent progress has been made with revenue and profitability ahead of the prior year. This has been achieved through the organic expansion of the Minerva brand with further launches of margarines and spreads to add to the core range of olive and seed oils. In addition, two small bolt on businesses were acquired during the year enabling butter and cheese products to be added to the Minerva portfolio, which is now becoming one of the leading ranges of traditional Greek products for both the local and export markets.

Exceptional items

Restructuring costs in the UK have resulted in a net operating charge of £4.4m (2008: nil) for exceptional items. Further details are given in note 2.

Taxation

The effective tax rate before exceptional items was 28.4% (2008: 28.0%).

Outlook

The year just finished has demonstrated that the Group's strategy of:

- Selected markets;
- Leading brands;
- A world-class supply chain; and
- A great team of people

has ensured continued growth in a very difficult economic climate.

The number of markets in which the Group operates provides a naturally balanced portfolio across both developed and emerging markets, with all businesses having the potential for significant organic growth.

The brand strategy of tailoring brand offerings to suit local conditions has proved particularly valuable in these difficult economic times, with our local teams being able to adapt quickly and appropriately in each market.

The supply-chain investments, particularly in the UK and Nigeria, provide a very strong platform for the future with additional capacity provided for medium to long term growth.

With continued focus on ensuring we have a great team of people, we face the future with optimism, albeit always aware that economic conditions remain fragile.

Overall performance since the year-end has been in line with expectations and the Group remains well placed to pursue further investment opportunities.

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Consolidated income statement for the year ended 31 May 2009

	Note	Before exceptional items £m	Exceptional items (note 2) £m	Total 2009 £m	Before exceptional items £m	Exceptional Items (note 2) £m	Total 2008 £m
Revenue	1	838.1	-	838.1	660.9	-	660.9
Cost of sales		(546.8)	(3.3)	(550.1)	(419.1)	(3.1)	(422.2)
Gross profit		291.3	(3.3)	288.0	241.8	(3.1)	238.7
Selling and distribution costs		(119.5)	-	(119.5)	(105.0)	-	(105.0)
Administrative expenses		(77.1)	(1.1)	(78.2)	(60.2)	3.1	(57.1)
Share of results of joint venture		(4.1)	-	(4.1)	(0.2)	-	(0.2)
Operating profit	1	90.6	(4.4)	86.2	76.4	-	76.4
Finance income		3.7	-	3.7	3.4	-	3.4
Finance costs		(5.5)	-	(5.5)	(3.3)	-	(3.3)
Net finance (cost) / income	3	(1.8)	-	(1.8)	0.1	-	0.1
Profit before taxation		88.8	(4.4)	84.4	76.5	-	76.5
Taxation	4	(25.2)	1.2	(24.0)	(21.4)	0.2	(21.2)
Profit for the year		63.6	(3.2)	60.4	55.1	0.2	55.3
Attributable to:							
Equity holders of the parent		52.8	(3.2)	49.6	45.9	1.1	47.0
Minority interest		10.8	-	10.8	9.2	(0.9)	8.3
		63.6	(3.2)	60.4	55.1	0.2	55.3
Basic EPS (p)	6			11.64			11.04
Diluted EPS (p)	6			11.56			10.96
Adjusted basic EPS (p)	6			12.39			10.78
Adjusted diluted EPS (p)	6			12.31			10.71

The results shown above for both 2009 and 2008 relate to continuing operations.

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Consolidated balance sheet as at 31 May 2009

	31 May 2009 £m	31 May 2008 £m
Assets		
Non-current assets		
Goodwill and other intangible assets (note 7)	157.6	152.2
Property, plant and equipment	200.8	180.0
Other investments	0.6	0.7
Net investment in joint venture	19.0	22.8
Receivables	1.6	0.1
Retirement benefit surplus	20.6	21.5
	400.2	377.3
Current assets		
Inventories	158.3	167.4
Trade receivables and prepayments	111.3	113.2
Investments	0.3	0.3
Cash and cash equivalents	84.2	44.0
Current taxation receivable	0.8	2.5
	354.9	327.4
Total assets	755.1	704.7
Liabilities		
Current liabilities		
Borrowings	(16.4)	(16.4)
Trade and other payables	(142.1)	(108.4)
Current taxation payable	(20.3)	(18.5)
Provisions	(3.8)	(1.7)
	(182.6)	(145.0)
Non-current liabilities		
Borrowings	(44.9)	(59.9)
Other liabilities	(1.0)	(1.5)
Deferred tax liabilities	(47.2)	(40.7)
Retirement benefit obligations	(29.6)	(51.7)
	(122.7)	(153.8)
Total liabilities	(305.3)	(298.8)
Net assets	449.8	405.9
Equity		
Ordinary share capital	4.3	4.3
Capital redemption reserve	0.7	0.7
Hedging reserve	0.3	-
Currency translation reserve	20.4	23.0
Retained earnings	364.2	320.7
Equity attributable to equity holders of the parent	389.9	348.7
Equity minority interest	59.9	57.2
Total equity	449.8	405.9

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Consolidated cash flow statement for the year ended 31 May 2009

	2009 £m	2008 £m
Operating activities		
Cash generated from operations	145.2	53.0
Taxation	(16.7)	(17.1)
Net cash flow generated from operating activities	128.5	35.9
Investing activities		
Investment income received	3.7	3.5
Purchase of property, plant and equipment	(46.0)	(37.6)
Proceeds from sale of property, plant and equipment	4.1	9.8
Proceeds from sale of intangible assets	4.3	-
Proceeds from sale of current asset investments	-	13.8
Acquisition of intangible assets	(3.6)	(0.7)
Acquisition of minority interest	(5.2)	-
Acquisition of subsidiary	-	(74.4)
Loans granted to joint ventures	(0.5)	(9.9)
Net cash used in investing activities	(43.2)	(95.5)
Financing activities		
Interest paid	(5.5)	(3.3)
Dividends paid to minority interests	(2.3)	(2.2)
Purchase of shares for ESOT	(0.7)	(0.2)
Dividends paid to company shareholders	(20.5)	(18.5)
Net (decrease) / increase in borrowings	(10.5)	67.8
Net cash (used in) / received from financing activities	(39.5)	43.6
Net increase / (decrease) in cash, cash equivalents and bank overdrafts	45.8	(16.0)
Cash, cash equivalents and bank overdrafts at the beginning of the	38.1	50.1
Effect of foreign exchange rates	(1.1)	4.0
Cash, cash equivalents and bank overdrafts at the end of the year	82.8	38.1

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Reconciliation of profit before tax to cash generated from operations for the year ended 31 May 2009

	2009	2008
	£m	£m
Profit before tax	84.4	76.5
Adjustment for net finance cost / (income)	1.8	(0.1)
Operating profit	86.2	76.4
Depreciation	17.5	15.7
Loss / (profit) on sale of tangible fixed assets	1.0	(5.5)
Profit on sale of intangible fixed assets	-	(4.3)
Difference between pension charge and cash contributions	(2.6)	(4.5)
Share of results from joint venture	4.1	0.2
Share based payment charges	1.3	0.6
Operating cash flows before movements in working capital	107.5	78.6
Movements in working capital:		
Inventories	7.0	(3.8)
Receivables	(2.0)	(13.7)
Payables	30.7	(3.1)
Provisions	2.0	(5.0)
Cash generated from operations	145.2	53.0

Consolidated statement of recognised income and expense for the year ended 31 May 2009

	2009	2008
	£m	£m
Actuarial gains / (losses) on defined benefit pension schemes	19.1	(21.4)
Exchange differences on translation of foreign operations	(3.8)	29.2
Taxation on items taken directly to equity	(5.6)	4.2
Net income recognised directly in equity	9.7	12.0
Profit for the year	60.4	55.3
Total net income and expense recognised for the year	70.1	67.3
Attributable to:		
Equity holders of the parent	60.5	54.7
Minority interests	9.6	12.6

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NOTES

1 Segmental analysis

Geographic segments

2009	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Total gross segment revenue	415.0	173.9	500.6	(251.4)	838.1
Inter segment revenue	-	(38.9)	(212.5)	251.4	-
Revenue	415.0	135.0	288.1	-	838.1
Segmental operating profit before exceptional items and share of results in joint venture	43.6	10.2	40.9	-	94.7
Share of results of joint venture	(4.1)	-	-	-	(4.1)
Segmental operating profit before exceptional items	39.5	10.2	40.9	-	90.6
Exceptional items (note 2)	-	-	(4.4)	-	(4.4)
Segmental operating profit	39.5	10.2	36.5	-	86.2

2008					
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 and share of results in joint venture	33.8	10.2	32.6	-	76.6
Share of results of joint venture	(0.2)	-	-	-	(0.2)
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

Business segments

	Revenue by business segment	
	2009 £m	2008 £m
Toiletries and household	586.5	486.3
Food and nutrition	131.3	104.7
Electrical goods	120.3	69.9
Total	838.1	660.9

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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 31 May 2009

	Profit before taxation £m	Taxation £m	Profit after taxation £m
Exceptional items included within operating profit:			
Restructuring of UK operations	(4.4)	1.2	(3.2)
Total	(4.4)	1.2	(3.2)

Restructuring of UK operations

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

Year to 31 May 2008

	Profit before taxation £m	Taxation £m	Profit after taxation £m
Exceptional items included within operating profit:			
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 31 May 2008 resulted in an exceptional curtailment gain of £5.6 million, net of associated costs.

3 Net finance (cost) / income

	2009 £m	2008 £m
Current asset investment income:		
Net investment gains	0.4	0.2
Interest receivable from associated companies	0.3	-
Interest and dividends receivable	1.6	2.6
Gains on financial instruments	1.4	0.6
	3.7	3.4
Interest payable on bank loans and overdrafts	(5.5)	(3.3)
Total	(1.8)	0.1

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4 Taxation

	2009	2008
	£m	£m
Current tax		
UK corporation tax charge for the year	4.5	4.9
Adjustments in respect of prior periods	(2.1)	0.9
	2.4	5.8
Overseas corporation tax charge for the year	18.9	13.0
Adjustments in respect of prior periods	0.1	-
	19.0	13.0
Total current tax charge	21.4	18.8
Deferred tax		
Temporary differences, origination and reversal	2.3	3.1
Adjustments in respect of prior periods	0.3	(0.7)
Total deferred tax	2.6	2.4
Total tax charge	24.0	21.2

UK corporation tax is calculated at 28% (2008: 29.67%) 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 of £5.6 million (2008: £4.2 million) relates to release of deferred tax provision on disposed properties, the movement in deferred tax on actuarial losses, deferred tax on share option schemes and deferred tax on financial derivatives recognised in the hedging reserve.

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

	2009	2008
	£m	£m
Profit before tax	84.4	76.5
Tax at the UK corporation tax rate of 28% (2008: 29.67%)	23.6	22.7
Tax effect of revenue / expenses that are not (taxable) / deductible in determining taxable profit	-	0.2
Effect of different tax rates of subsidiaries in overseas jurisdictions	1.0	(0.9)
Tax effect of share of results of joint ventures	1.1	-
Disposal of properties	-	(0.6)
Effect of change in UK corporation tax rate	-	(0.4)
Prior period adjustment	(1.7)	0.2
Tax charge for the year	24.0	21.2

5 AGM and dividend

The board is recommending a dividend increase of 12% for the year with a proposed final dividend of 4.085p (2008: 3.625p) per share for a total of 5.27p (2008: 4.70p). The gross amount for the proposed final dividend is £17.5 million (2008: £15.4 million).

The date of the annual general meeting has been fixed for 5 October 2009 and dividend warrants in respect of the proposed final dividend, subject to shareholders' approval, will be posted on 7 October 2009 to members on the register at 5.00 pm on 21 August 2009.

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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.

	2009	2008
Basic weighted average (000)	426,212	425,766
Diluted weighted average (000)	429,064	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 Scheme and the Performance Share Plan.

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

	2009	2008
	£m	£m
Profit attributable to ordinary equity shareholders	49.6	47.0
Exceptional items (note 2)	3.2	(1.1)
Adjusted profit	52.8	45.9

	2009	2008
Basic earnings per share	11.64p	11.04p
Exceptional items (note 2)	0.75p	(0.26)p
Adjusted basic earnings per share	12.39p	10.78p
Diluted earnings per share	11.56p	10.96p
Exceptional items (note 2)	0.75p	(0.25)p
Adjusted diluted earnings per share	12.31p	10.71p

7 Goodwill and other intangible assets

	Goodwill ¹	Other intangible assets ²	Total
	£m	£m	£m
Cost			
At 1 June 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 31 May 2008	29.3	122.9	152.2
Acquired during the year	1.5	3.6	5.1
Currency retranslation	-	0.3	0.3
At 31 May 2009	30.8	126.8	157.6

¹ During the year the Group acquired additional share capital of PZ Cussons Nigeria Plc increasing its stake from 61% to 64%. This generated goodwill of £1.5 million.

² Intangible assets include the Group's acquired brands: Charles Worthington, Original Source, The Sanctuary and Trix. During the year, Minerva SA the Group's subsidiary in Greece acquired the Burrino butter brand for £3.6 million.

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8 Net funds / (debt)

	2009	2008
	£m	£m
Cash at bank and in hand *	38.9	20.4
Short-term deposits *	45.3	23.6
Current asset investments	0.3	0.3
Overdrafts *	(1.4)	(5.9)
Loans due within one year	(15.0)	(10.5)
Loans due after one year	(44.9)	(59.9)
Net funds / (debt)	23.2	(32.0)

* constitutes cash, cash equivalents and bank overdrafts.

9 Accounting policies

Whilst the financial information in this preliminary announcement has been computed in accordance with IFRS this announcement does not itself contain sufficient information to comply with IFRS.

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

The financial statements have been prepared on a historical cost basis, modified for fair values under IFRS.

The accounting policies are consistent with those presented in the Annual Report and Financial Statements for 2008.

10 Basis of financial statements

The 2009 results are an abridged version of the statutory financial statements for the year ended 31 May 2009 which have been approved by the board of directors and which carry an unqualified audit report. The results for the year ended 31 May 2008 which were prepared in accordance with IFRS carry an unqualified audit report and have been filed with the Registrar of Companies. The 2009 financial statements do not contain a statement in respect of s.498(2) or (3) of the Companies Act 2006. The 2008 financial statements do not contain a statement in respect of s.237(2) or (3) of the Companies Act 1985.

Approved by the board of directors on 28 July 2009.