HEALTH • HYGIENE • HOME

15 February 2016

A YEAR OF EXCELLENT GROWTH & MARGIN EXPANSION

Results at a glance (unaudited)	**Q4 £m**	**% change actual exchange**	**% change constant exchange**	**FY £m**	**% change actual exchange**	**% change constant exchange**
Net Revenue	**2,323**	+1	+7	**8,874**	-	+5
*- Like-for-like growth**			*+7*			*+6*
Operating Profit – reported				**2,241**	+4	+7
Operating Profit – adjusted**				**2,374**	+9	+12
Net Income – reported				**1,743**	+5	+8
Net Income – adjusted**				**1,871**	+11	+15
EPS (diluted) – reported				**240.9p**	+6	
EPS (diluted) – adjusted**				**258.6p**	+12	

* Like-for-like ("LFL") growth excludes the impact of changes in exchange rates, acquisitions, disposals and discontinued operations.

** Adjusted results exclude exceptional items.

Highlights: Full Year

- Total Net Revenue growth +5% (constant) and LFL Net Revenue growth of +6% – exceeding targets.
- Broad-based, geographic growth – ENA[1] performance LFL +5% and DvM[1] performance LFL +9%.
- High quality, Health & Hygiene led growth of LFL +8%.
- Gross margin expansion +140bps to 59.1%, driven by mix, commodity costs and cost optimisation initiatives.
- Continuing investment in brand equity. BEI +£48m (constant) -20bps to 12.7% of net revenue.
- Adjusted operating margin up +210 bps to 26.8%.
- Tax rate (excluding exceptionals) 20%. Reduced from ongoing 23% by the effect on deferred tax of future UK corporate tax rate reductions.
- Adjusted Net Income +11% (+15% constant). Reported net income +5% (+8% constant).
- Net debt – £1.6bn. Free cash flow circa 100% of net income.
- The Board recommends a final dividend of 88.7 p per share (12% versus 2014). Total dividend for 2015 139p (2014: 139p).

Highlights: Q4 / H2

- Q4 Net Revenue LFL growth +7% – strong, Consumer Health led growth.
- H2 Adjusted Operating Margin +250bps, driven by Gross Margin expansion (+190bps), and accelerated Project Supercharge initiatives.

[1] ENA and DvM composition on page 19.

Commenting on these results, Rakesh Kapoor, Chief Executive Officer, said:

"RB delivered excellent growth and margin expansion in 2015 as a result of our continued focus on our Health, Hygiene and Home Powerbrand portfolio and supported by our culture of innovation and agility.

Despite a year of mixed market conditions, we achieved broad-based growth (+6% LFL), across both developed and developing markets. This was led by an exceptional performance in Consumer Health, due to both a strong flu season at the beginning of the year and outstanding performances from our innovations on brands such as Scholl, Durex, Nurofen and Strepsils.

Our virtuous earnings model continued to deliver in 2015 and resulted in significant value creation for shareholders. Strong gross margin expansion, combined with accelerated indirect cost savings from our Supercharge programme, created room in our P&L to both increase our brand equity investment (BEI) and to deliver exceptional operating margin expansion. We continue to expect Supercharge to lead to £150m in cost savings over three years, but have achieved a significant portion of those savings within the first year.

In 2016, we expect that the macro environment will be tough, but remain confident that our strategic choices across Powerbrands and Powermarkets will enable RB to deliver another year of growth and margin expansion. We are targeting LFL net revenue growth of +4-5%[1]. For operating margin[2], we reiterate our medium term target of moderate margin expansion. We expect this to be supplemented in 2016 by part of the remaining Project Supercharge efficiencies."

[1] at constant rates.
[2] Adjusted to exclude the impact of exceptional items.

Basis of Presentation

LFL definition

Where appropriate, the term "like-for-like" (LFL) describes the performance of the business on a comparable basis, excluding the impact of acquisitions, disposals and discontinued operations. It is measured on a constant exchange basis.

Demerger of Indivior (RB Pharmaceuticals)

Indivior was demerged from the RB group on 23 December 2014. Accordingly it was accounted for as a discontinued operation and the 2014 RB Group results were restated to exclude the impact of Indivior.

Adjusted results and exceptional items

Adjusted results exclude exceptional items. A breakdown of exceptional items is detailed in note 3 and relates to Group-led restructuring, acquisition and integration costs. The adjusted results are not IFRS measures.

Free cashflow

Free cashflow is defined as net cash generated from operating activities less net capital expenditure.

Project Supercharge

Project Supercharge was announced in February 2015 and focuses on creating a simpler, more agile organisation, reducing cost and driving efficiencies.

Project Fuel

Project Fuel is our ongoing cost optimisation programme within cost of goods sold (COGS).

Detailed Operating Review: Total Group

Full Year 2015

In mixed market conditions, RB delivered an excellent year of growth and margin expansion, driven by an exceptional performance in our Consumer Health brands.

Total full year (FY) Net Revenue was £8,874m, an increase of +5% at constant exchange rates, and +6% on a LFL basis. The impact of net M&A was slightly negative, as a positive impact from our K-Y acquisition was more than offset by the disposal of our Footwear and Medcom Hospital businesses. Negative foreign exchange on translation reduced Net Revenue by -5%. From a geographic perspective growth was broad based. Our developed market area of ENA delivered LFL growth of +5%, an excellent performance where markets are stable. Our emerging market area (DvM) delivered +9% LFL growth with improving trends in the second half driven by India and China. Brazil and parts of ASEAN remain challenging.

Consumer Health had an exceptional year of +14% LFL growth, driven by a combination of successful innovations (eg; Scholl Express Pedi and electronic nail file, and Durex Invisible), a strong flu season at the beginning of the year, and a large new brand launch in the US (Amopé). We believe we are well placed to outperform in Consumer Health, but continue to emphasise that double digit growth – well above the longer term category growth rate of 4-6% – is not sustainable.

Gross Margin increased by +140bps to 59.1%, with contributions from mix, input costs, and cost programmes. Product mix was favourable as Consumer Health brands grew at a higher rate than the rest of the business. We also continued to deliver supply chain savings through our Project Fuel cost optimisation programme. The impact of commodity driven input costs will vary from year to year, and in 2015 these were a significant tailwind, offset somewhat by negative transactional foreign exchange (strengthening of the US dollar versus most currencies). Gross Margin has, and will continue to, drive our virtuous earnings model, as we focus on favourable mix, driven by consumer health led growth, Project Fuel, pricing and gross margin enhancing innovations across our Powerbrands.

We increased investment behind our brands (as defined by our Brand Equity Investment (BEI) metric), by +£48m (constant exchange), -20bps to 12.7% of Net Revenue. The efficiencies we have driven from our Supercharge programme, (eg: consolidation of creative agencies and media buying savings), have been re-invested back into brand equity building initiatives throughout the year.

We continue to expect Project Supercharge to deliver approximately £150m in cost savings over three years, and have achieved a significant portion of those savings within the first year.

Operating profit as reported was £2,241m, +4% versus FY 2014 (+7% constant), reflecting the impact of an exceptional pre-tax charge in 2015: £133m (2014: £21m). The exceptional items were in line with previously announced programmes, principally the disposal of the Medcom Hospital business, and Supercharge. Details of the exceptional charge are set out in note 3. On an adjusted basis, operating profit was ahead +9% (+12% constant) to £2,374m. The Adjusted Operating Margin increased by +210bps to 26.8%, due to the strong gross margin expansion, and approximately £100m Project Supercharge led cost efficiencies.

Net finance expense was £33m (2014: £38m).

The tax rate (excluding exceptionals) was 20%. It benefitted by 3% from a reduction in the deferred tax liability on acquired intangibles arising from the enactment of future reductions in the UK corporate tax rate. We continue to expect our sustainable, underlying group effective tax rate to be in the region of 23%. A detailed description of the factors impacting the tax rate in 2015 is detailed on p10 to this report.

Net income as reported was £1,743m, an increase of +5% (+8% constant) versus 2014. On an adjusted basis, net income was £1,871m +11% (+15% constant). Diluted earnings per share of 240.9 pence was +6% on a reported basis; on an adjusted basis, the growth was +12% to 258.6 pence.

Fourth quarter 2015

Q4 net revenue was £2,323m, an increase of +7% at constant rates on a LFL basis and total basis. On a geographic basis ENA had another excellent quarter (+5% LFL), driven by Consumer Health Powerbrands, and broad-based growth across Europe, Russia and the US. DvM also had a strong quarter (+12% LFL). Growth was led by Dettol, Harpic, Finish and Durex, and on a geographic basis by India, China and Turkey. Brazil and parts of ASEAN continue to prove challenging.

Growth continued to be Consumer Health led with all Powerbrands contributing to the exceptional performance of our fourth consecutive quarter of double digit growth. The significant expansion of the Scholl / Amopé franchise underpinned by strong innovation was a major contributor to growth in the quarter. The incidence of cold and 'flu was relatively low for the time of year in Q4 across most of our markets, leading to reduced consumer purchases from retailers. Our sales to retailers, however, were strong, leading to some increase in inventory in the trade. We expect this to reverse during Q1 and Q2.

In our Q3 trading update we noted that the FDA announced that it granted approval of generic versions of the remaining extended-release Mucinex range of D, DM and SE Max. We saw limited impact of this in our Q4 results, but do expect some impact going forward.

Hygiene continued to show some improvement with good growth in Dettol (including our "Squeezy" hand wash innovation in India and penetration programmes), Harpic and Finish. Within Home, our Air Wick and Vanish Powerbrands continued to drive growth, although Air Wick growth slowed in the quarter as we lapped the roll out of our Life-Scents innovation in Q4 2014.

FY 2015 Business Review

Summary: % Net Revenue growth

	Q4				FY15			
	LFL	**Net M&A***	**FX**	**Reported**	**LFL**	**Net M&A***	**FX**	**Reported**
North America	*+4%*	*-*	*+4%*	*+8%*	*+3%*	*+1%*	*+7%*	*+11%*
Rest of ENA	*+6%*	*-2%*	*-9%*	*-4%*	*+6%*	*-1%*	*-11%*	*-7%*
ENA	+5%	-1%	-4%	+1%	+5%	-1%	-5%	-1%
DvM	+12%	-	-12%	-	+9%	-	-6%	+3%
Food	+8%	-	+3%	+11%	+4%	-	+6%	+10%
Group	**+7%**	**-1%**	**-6%**	**+1%**	**+6%**	**-1%**	**-5%**	**-**

* Reflects the impact of acquisitions and disposals.

Note: due to rounding, this table will not always cast

Analyses by operating segment of net revenue and adjusted operating profit, and of net revenue by product group are set out below. The Executive Committee of the Group assesses the performance of the operating segments based on net revenue and adjusted operating profit. This measurement basis excludes the effect of exceptional items.

Review by Operating Segment

Quarter ended 31 Dec					Full Year ended 31 Dec			
2015	2014	% change exch. Rates			**2015**	2014	% change exch. rates	
£m	£m	actual	const.		**£m**	£m	actual	const.
				Total Net Revenue				
648	*601*	*+8*	*+4*	*North America*	***2,189***	*1,974*	*+11*	*+4*
917	*953*	*-4*	*+5*	*Rest of ENA*	***3,641***	*3,917*	*-7*	*+4*
1,565	1,554	+1	+4	ENA	**5,830**	5,891	-1	+4
653	655	-	+12	DvM	**2,695**	2,629	+3	+8
105	95	+11	+8	Food	**349**	316	+10	+4
2,323	2,304	+1	+7	**Total**	**8,874**	8,836	-	+5

	2015 £m	2014 £m	% change actual	% change const.
Operating profit				
ENA	**1,744**	1,640	+6	+10
DvM	**528**	460	+15	+19
Food	**102**	85	+20	+12
Operating profit - adjusted*	**2,374**	2,185	+9	+12
Exceptional items	**(133)**	(21)		
Total Operating profit	**2,241**	2,164	+4	+7

Operating margin – adjusted*	**%**	%	
ENA	**29.9**	27.8	*+210bp*
DvM	**19.6**	17.5	*+210bp*
Food	**29.2**	26.9	*+230bp*
Total	**26.8**	24.7	*+210bp*

* Adjusted to exclude the impact of exceptional items.

In the following Business Review growth rates are given at constant exchange rates. Margins are at actual rates.

ENA 66% of Net Revenue

FY 2015 total net revenue was £5,830m, with LFL growth of +5%. All European regions had a strong finish to the year, completing a year of broad-based growth. Absolute growth was led by our larger markets (UK, France, Germany and Spain) whilst smaller markets in Eastern and South Eastern Europe had strong rates of growth. Australia performed well throughout the year, with an improved go-to-market model for our Consumer Health business. Operational performance in Russia was strong but the outlook remains uncertain given the current market and currency issues.

North America had a good year with 3% LFL growth driven by the launch of our successful Velvet Express Pedi under the new brand name, Amopé, and in the second half, our new electronic nail file. VMS brands were mixed with good growth in Digestive Advantage and Move Free offset by weakness in Megared and Airborne. Mucinex had a strong Q4, benefitting from the launch of new liquid filled caplets across the adult Fast Max Multi-Symptom and Sinus variants. Lysol performed well, driven by health education programmes, offset by competitive market conditions for Finish.

FY Adjusted Operating Profit increased +10% (constant) to £1,744m; the adjusted operating margin increased +210bps to 29.9%, due to strong gross margin expansion and Project Supercharge initiatives.

Q4 total Net Revenue was £1,565m, with LFL growth of +5% underpinned by broad-based growth across all regions.

DvM **30% of Net Revenue**

FY 2015 total net revenue was £2,695m, with LFL growth of +9%. Growth came from all regions. In South Asia, India continued to deliver improving growth trends. Our penetration building initiatives within Dettol and Harpic support the Government's health and hygiene initiatives. China had a strong performance with Durex and e-commerce driven initiatives leading the growth. Middle East, Turkey and South Africa also had strong performances. Brazil remains challenging, although strong pest demand in the second half helped mitigate some of the weakness. Thailand, Indonesia and West Africa also remain challenging.

FY Adjusted Operating Profit increased by 19% (constant) to £528m; the adjusted operating margin was +210bps higher at 19.6%. This was due to gross margin expansion, combined with Supercharge initiatives.

Q4 total Net Revenue was £653m, with LFL growth of +12%. Trends seen throughout the year continued in the fourth quarter – strong growth in India, China, Turkey and South Africa, offset by weakness in Brazil, West Africa and Thailand.

Food **4% of Net Revenue**

FY 2015 total Net Revenue was £349m, a 4% LFL increase versus prior year at constant exchange rates. In North America growth was led by Frank's RedHot and the launch of French's ketchup. Growth in North America was partially offset by share losses in French's mustard due to a competitive entry. Increased distribution drove growth outside of the USA. Operating margins improved by +230bps to 29.2% due to pricing initiatives and Project Supercharge efficiencies.

Q4 growth was +8% LFL, driven by strong growth in Frank's RedHot ahead of planned price increases in January 2016, the in-year impact from the launch of French's ketchup and strong growth in our international franchise.

FY 2015 Category Review

Summary: % net revenue growth by Category

	Q4				FY15			
	LFL	Net M&A*	FX	Reported	LFL	Net M&A*	FX	Reported
Health	+14%	-	-4%	+10%	+14%	+1%	-5%	+9%
Hygiene	+4%	-	-7%	-3%	+3%	-	-4%	-1%
Home	+1%	-	-8%	-7%	+2%	-	-7%	-5%
Portfolio	+10%	-10%	+1%	+1%	+1%	-9%	-2%	-10%
Group	**+7%**	**-1%**	**-6%**	**+1%**	**+6%**	**-1%**	**-5%**	**-**

* Reflects the impact of acquisitions and disposals. Note: due to rounding, this table will not always cast.

Quarter ended 31 December					Year ended 31 December			
2015 £m	2014 £m	% change exch. rates actual	const.		**2015 £m**	2014 £m	% change exch. Rates actual	const.
				Net Revenue by category				
833	757	+10	+14	Health	**2,942**	2,701	+9	+14
890	913	-3	+4	Hygiene	**3,589**	3,627	-1	+3
438	473	-7	+1	Home	**1,715**	1,810	-5	+2
162	161	+1	-1	Portfolio Brands	**628**	698	-10	-8
2,323	2,304	+1	+7	**Total**	**8,874**	8,836	-	+5

* Adjusted to exclude the impact of exceptional items.

In the following Category Review growth rates are given at constant exchange rates. Margins are at actual rates.

Health 33% of Net Revenue

FY 2015 total Net Revenue was £2,942m, with LFL growth +14% (total +14%) – an exceptional year of growth and outperformance. Growth was driven by a number of factors:

- Strong category growth, towards the high end of the +4-6% medium term category growth trends. This is due to a strong cold and flu season at the beginning of the year
- Innovation within the Scholl franchise, in particular our velvet smooth express pedi, a series of insole initiatives, and the velvet smooth electronic nail care system. This has delivered an outstanding performance throughout many ENA markets and a number of DvM markets.

- A full year of contribution from the successful Amopé franchise in North America following its initial launch in Q4 2014.

- Broad based growth across all of our Health Powerbrands, driven by innovation (eg; Durex RealFeel, Strefen Direct Spray).

- Consumer education programmes (eg; Nurofen Express), improved go-to-market capabilities (Russia and Turkey) and improved distribution and in-store execution programmes in pharmacies and online (Durex China).

We believe we are well positioned to outperform long-term category growth within Consumer Health, led by our market leading, trusted brands, strong consumer centric innovation pipeline, and significant investment behind medical professional and consumer education programmes. We do not believe, however, that the current growth is sustainable.

Q4 total Net Revenue was £833m, with LFL growth +14% – the growth drivers of the full year performance in our non-seasonal brands continued in Q4. The quarter benefitted from strong sell-in of Mucinex to retailers in the US, as well as other seasonal brands across our major European markets. Given the slow start to the flu season in most markets, we expect some channel de-stocking to take place in Q1 / Q2 2016. We also expect the entry of generic versions of certain Mucinex lines in the US.

Hygiene **41% of Net Revenue**

FY 2015 total Net Revenue was £3,589m, with LFL growth of +3%. Emerging Market weighted brands of Dettol and Harpic led the growth in this category behind both penetration building programmes and innovations such as our new Dettol Squeezy hand wash, and Harpic bathroom cleaner in India. Our pest franchise (led by Mortein and SBP) had a mixed performance with innovations and strong demand in Brazil and Australia offset by weakness in India behind competitive activity. Finish also had a mixed performance with strong growth across emerging market countries and the UK offset by competitive market conditions in the US. Finish continues to be heavily weighted to developed markets. We continue to work on penetration improvement programmes with dishwasher machine manufacturers in order to drive category growth.

Q4 total Net Revenue was £890m with LFL growth +4%. Growth was driven by strong growth in Dettol and Harpic in emerging market countries, combined with a good quarter of growth for Finish and Lysol.

Home **19% of Net Revenue**

FY 2015 total Net Revenue was £1,715m with LFL growth of +2%. Our largest Powerbrands of Air Wick and Vanish led the growth driven by fewer but larger innovations (Air Wick Life Scents range and Vanish Gold range) and scaling of these innovations across many markets. The roll-out of Air Wick Pure and launch of Wax Melts in H2 are also showing strong in-market results. Vanish in Brazil had a challenging year due to both market conditions and competitive activity.

Q4 total net revenue was £438m. LFL growth was +1%. Air Wick growth slowed in the quarter as we lapped the launch of our Life-Scents innovation in Q4 2014.

Portfolio (including Food) 7% of Net Revenue

FY 2015 total Net Revenue was £628m, with LFL performance of +1%. The laundry detergents and fabric softener market in Southern Europe remains weak and competitive. However the organisational changes made a year ago have helped stabilise the performance of our brands in this challenging category.

Q4 total Net Revenue was £162m, with LFL performance of +10%. The strong result was driven by an excellent performance in Food of +8% growth, further stabilisation in laundry detergents and fabric softeners in Southern Europe and high sales in the other small, volatile items.

New Product Initiatives: H1 2016

RB announces a number of new product initiatives for the first half of 2016:

Health:

- Nurofen Soft Chews for Children: Effective relief with just the right strength medicine for kids 7-11. In an innovative gummy format; they're easy to chew and no need for water.
- Scholl Velvet Smooth Wet & Dry: for soft, beautiful feet effortlessly: on wet and dry skin.
- Scholl Athlete's Foot Complete Pen & Spray Kit: The first Athlete's Foot treatment kit to provide both effective treatment *and* prevention from reoccurrence.
- Rollout of Durex Invisible condom: Durex's thinnest condom – offered in a super premium pack, maximising shelf impact. Offers consumers ultimate sensitivity for an even closer connection, protected by Durex quality.
- Durex Pleasure Ring: Harder for Longer. Durex's new constriction ring helps men maximize hardness for longer and to intensify the pleasure for them and their partner.

Hygiene:

- Dettol Gold: Delivers 100% superior germ killing action vs. other anti-bacterial soaps in the market.
- Lysol Disinfectant Max Cover Mist: New wide area disinfectant mist for unbeatable protection and deodorization of your large surfaces.
- Harpic / Cillt Bang / Lysol Fresh Power 6: Same amazing freshness from the first to the last flush.
- Finish Supercharged Powerball: One supercharged solution for all your dishwashing needs.

Home:

- Air Wick Pure: Just fragrance, no wet spray. A water-free aerosol to enjoy the pleasure of Pure fragrance.
- Air Wick scented Oil Warmer: The ultimate fragrance control for a superior fragrance experience.

Food:

- French's "better for you" Ketchup and Mustard: A new range of products under our "Promise" campaign, which is anchored in three pillars: Real Ingredients, Great Taste and Commitment to our Communities. In 2015 all French's formulas were reviewed and all those that did not comply with our "Promise" principles were re-formulated. We removed high fructose corn syrup and all artificial flavours, colours and fillers from all our formulas.

Financial Review

Constant exchange. Constant exchange rate adjusts the actual consolidated results such that the foreign currency conversion applied is made using the same exchange rate as was applied in the prior period.

Net finance expense. Net finance expense was £33m (2014: £38m).

Tax. The effective tax rate was 21% (2014: 22%) and the tax rate excluding exceptionals was 20% (2014: 22%). The UK Chancellor has enacted future reductions in the UK corporate tax rate in 2017 and 2020. These reductions will have only a small impact on our ongoing tax rate. They have, however, a larger non-recurring accounting impact on our reported tax charge during 2015 (the year of enactment) as we have a significant deferred tax liability in the UK, the size of which will be reduced by lower future tax rates. Whilst there is no impact on cash tax payable, from this adjustment to our deferred tax liability, our tax rate has been positively impacted in the year by 3%. We continue to expect our sustainable, underlying group effective tax rate to be in the region of 23%.

Net working capital Inventories decreased to £681m (2014: £745m) in part due to foreign exchange and our sustained focus on inventory management. Trade and other receivables were broadly maintained at £1,331m (2014: £1,307m). Trade and other payables increased to £2,948m (2014: £2,883m) in part due to the reclassification of a long term payable to short term payable. Together this has led to a decrease in net working capital to minus £936m (2014: minus £831m). Net working capital as a percentage of net revenue is -11% (2014: -9%).

Cash flow. Cash generated from operations was £2,295m (2014: £2,324m). Net cash generated from operating activities was £1,784m (2014: £2,099m) after net interest payments of £31m (2014: £32m) and tax payments of £480m (2014: £416m). The decrease largely reflects the demerger of Indivior plc in the prior year (£223m) and higher tax payments.

Free cash flow is the amount of cash generated from operating activities after capital expenditure on property, plant and equipment and intangible assets and any related disposals. Free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt or to fund our strategic objectives. Free cash flow was £1,656m (2014: £1,934m, £1,711m excluding cash flows from discontinued operations). Free cash flow conversion as a percentage of continuing net income was 95% (2014: 103% excluding cashflows from discontinued operations) with the reduction due in part to higher tax payments.

Net debt at the end of the year was £1,620m (2014: £1,543m). This reflected strong free cash flow generation, offset by the payment of dividends totaling £924m (2014: £988m) and net M&A of £10m (2014: £340m). The Group regularly reviews its banking arrangements and currently has adequate facilities available to it.

Exceptional Items. A pre-tax exceptional charge of £133m has been incurred during the year; £76m in relation to the ongoing restructuring of the Group's organisation and the integration of prior year acquisitions; and a further £57m loss on the disposal of the Medcom hospital business. These costs are in line with previously communicated guidance.

Balance sheet. At the end of 2015, the Group had total equity of £6,906m (2014: £6,834m), an increase of +1%. Net debt was £1,620m (2014: £1,543m) and total capital employed in the business was £8,526m (2014: £8,377m).

This finances non-current assets of £12,386m (2014: £12,336m), of which £730m (2014: £757m) is property, plant and equipment, the remainder being goodwill, other intangible assets, deferred tax, retirement benefit surplus and other receivables. The Group has net working capital of minus £936m (2014: minus £831m), current provisions of £229m (2014: £317m) and long-term liabilities other than borrowings of £2,652m (2014: £2,737m).

The Group's financial ratios remain strong. Return on shareholders' funds (net income divided by total shareholders' funds) was 25.2% on a reported basis and 27.1% on an adjusted basis (2014: 47.2% on a reported basis and 28.7% on an adjusted basis).

Dividends. The Board of Directors recommends a final dividend of 88.7 pence (2014: 79 pence), to give a full year dividend of 139 pence (2014: 139 pence). The dividend, if approved by shareholders at the AGM on 5 May 2016, will be paid on 26 May to shareholders on the register at the record date of 15 April. The ex-dividend date is 14 April and the last date for election for the share alternative to the dividend is 5 May. The final dividend will be accrued once approved by shareholders.

Capital returns policy. RB has consistently communicated its intention to use its strong cash flow for the benefit of shareholders. Our priority remains to reinvest our financial resources back into the business, including through value-adding acquisitions. Through continued strong cash generation the Group has reached a net debt level of approximately £1.6bn. It is not possible to be definitive on future needs, but we consider that this provides the Group with appropriate liquidity.

We intend to continue our current policy of paying an ordinary dividend equivalent to around 50% of adjusted net income. We also intend to continue our current share buyback policy which broadly maintains our current debt level in 2016, subject to future M&A activity.

Contingent liabilities. The Group is involved in a number of civil and/or criminal investigations by government authorities as well as litigation proceedings and has made provisions for such matters where appropriate. Where it is too early to determine the likely outcome of such matters, or to make a reliable estimate, the Directors have made no provision for these potential liabilities.

The Group from time to time is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case.

2016 Targets

In 2016, we expect that the macro environment will be tough, but we remain confident that our strategic choices across Powerbrands and Powermarkets will enable RB to deliver another year of growth and margin expansion. We are targeting:

- LFL Net Revenue growth of +4-5%[1].
- For operating margin[2], we reiterate our medium term target of moderate margin expansion. We expect this to be supplemented in 2016 by part of the remaining Project Supercharge efficiencies.

[1] at constant rates.
[2] Adjusted to exclude the impact of exceptional items.

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Notice to shareholders

Cautionary note concerning forward-looking statements

This presentation contains statements with respect to the financial condition, results of operations and business of RB (the "Group") and certain of the plans and objectives of the Group that are forward-looking statements. Words such as ''intends', 'targets', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including targets for net revenue, operating margin and cost efficiency, are forward-looking statements. Such statements are not historical facts, nor are they guarantees of future performance.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group's control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political and social conditions in the key markets in which the Group operates; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group's technological infrastructure or that of third parties on which the Group relies; interruptions in the Group's supply chain and disruptions to its production facilities; the reputation of the Group's global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Group Income Statement
For the 12 months ended 31 December 2015 (unaudited)

	Notes	**Unaudited Year ended 31 December 2015 £m**	Audited Year ended 31 December 2014 £m
CONTINUING OPERATIONS			
Net Revenue	2	**8,874**	8,836
Cost of sales		**(3,628)**	(3,740)
Gross profit		**5,246**	5,096
Net operating expenses		**(3,005)**	(2,932)
Operating profit	2	**2,241**	2,164
Adjusted operating profit	2	**2,374**	2,185
Exceptional items	3	**(133)**	(21)
Operating profit		**2,241**	2,164
Finance income		**21**	27
Finance expense		**(54)**	(65)
Net finance expense		**(33)**	(38)
Profit before income tax		**2,208**	2,126
Income tax expense	4	**(463)**	(462)
Net income from continuing operations		**1,745**	1,664
DISCONTINUED OPERATIONS			
Net income from discontinued operations	11	**-**	278
Exceptional gain on non-cash dividend distributed	8	**-**	1,282
Net income from discontinued operations		**-**	1,560
Net income		**1,745**	3,224
Attributable to non-controlling interests		**2**	1
Attributable to owners of the parent		**1,743**	3,223
Net income		**1,745**	3,224
Basic earnings per ordinary share			
From continuing operations (pence)	5	**244.4**	230.7
From discontinued operations (pence)	5	**-**	216.4
Diluted earnings per ordinary share			
From continuing operations (pence)	5	**240.9**	227.6
From discontinued operations (pence)	5	**-**	213.5

Group Statement of Comprehensive Income
For the 12 months ended 31 December 2015 (unaudited)

	Unaudited Year ended 31 December 2015 £m	Audited Year ended 31 December 2014 £m
Net income	**1,745**	3,224
Other comprehensive (expense) / income		
Items that may be reclassified to profit or loss in subsequent years		
Net exchange losses on foreign currency translation, net of tax	**(124)**	(191)
Gains/(losses) on net investment hedges, net of tax	**(49)**	(137)
Gains/(losses) on cash flow hedges, net of tax	**14**	(11)
Reclassification of foreign currency translation reserves on disposal of foreign operations / demerger, net of tax	**33**	(3)
	(126)	(342)
Items that will not be reclassified to profit or loss in subsequent years		
Remeasurements of defined benefit pension plans, net of tax	**46**	(75)
	46	(75)
Other comprehensive expense, net of tax	**(80)**	(417)
Total comprehensive income	**1,665**	2,807
Attributable to non-controlling interests	**2**	-
Attributable to owners of the parent	**1,663**	2,807
	1,665	2,807
Total comprehensive income attributable to owners of the parent arising from		
Continuing operations	**1,663**	1,247
Discontinued operations	**-**	1,560
Total operations	**1,663**	2,807

Group Balance Sheet
As at 31 December 2015 (unaudited)

	Notes	**Unaudited 31 December 2015 £m**	Audited 31 December 2014 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets		**11,296**	11,252
Property, plant and equipment		**730**	757
Deferred tax assets		**57**	61
Retirement benefit surplus		**63**	26
Other non-current receivables		**240**	240
		12,386	12,336
Current assets			
Inventories		**681**	745
Trade and other receivables		**1,331**	1,307
Derivative financial instruments		**121**	130
Current tax recoverable		**9**	60
Available for sale financial assets		**-**	1
Cash and cash equivalents		**740**	917
		2,882	3,160
Total assets		**15,268**	15,496
LIABILITIES			
Current liabilities			
Short-term borrowings		**(1,749)**	(1,936)
Short-term provisions for liabilities and charges	7	**(229)**	(317)
Trade and other payables		**(2,948)**	(2,883)
Derivative financial instruments		**(22)**	(29)
Current tax payable		**(91)**	(124)
		(5,039)	(5,289)
Non-current liabilities			
Long-term borrowings		**(671)**	(636)
Deferred tax liabilities		**(1,692)**	(1,749)
Retirement benefit obligations		**(257)**	(338)
Other provisions	7	**(115)**	(73)
Non-current tax liabilities		**(559)**	(500)
Other non-current liabilities		**(29)**	(77)
		(3,323)	(3,373)
Total liabilities		**(8,362)**	(8,662)
Net assets		**6,906**	6,834
EQUITY			
Capital and reserves			
Share capital		**74**	74
Share premium		**243**	243
Merger reserve		**(14,229)**	(14,229)
Hedging reserve		**18**	4
Foreign currency translation reserve		**(964)**	(824)
Retained earnings		**21,762**	21,564
		6,904	6,832
Non-controlling interests		**2**	2
Total equity		**6,906**	6,834

Group Statement of Changes in Equity
For the 12 months ended 31 December 2015 (unaudited)

	Notes	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2014		**74**	**243**	**(14,229)**	**(479)**	**20,725**	**6,334**	**2**	**6,336**
Comprehensive income									
Net income		-	-	-	-	3,223	3,223	1	3,224
Other comprehensive income / (expense)				-	(341)	(75)	(416)	(1)	(417)
Total comprehensive income / (expense)		**-**	**-**	**-**	**(341)**	**3,148**	**2,807**	**-**	**2,807**
Transactions with owners									
Treasury shares re-issued		-	-	-	-	112	112	-	112
Share-based payments		-	-	-	-	55	55	-	55
Current tax on share awards		-	-	-	-	14	14	-	14
Deferred tax on share awards		-	-	-	-	(43)	(43)	-	(43)
Shares repurchased and held in Treasury		-	-	-	-	(413)	(413)	-	(413)
Cash dividends	8					(988)	(988)		(988)
Non-cash dividends	8	-	-	-	-	(1,046)	(1,046)	-	(1,046)
Total transactions with owners		**-**	**-**	**-**	**-**	**(2,309)**	**(2,309)**	**-**	**(2,309)**
Balance at 31 December 2014		**74**	**243**	**(14,229)**	**(820)**	**21,564**	**6,832**	**2**	**6,834**
Comprehensive income									
Net income		-	-	-	-	1,743	1,743	2	1,745
Other comprehensive income / (expense)		-	-	-	(126)	46	(80)	-	(80)
Total comprehensive income / (expense)		**-**	**-**	**-**	**(126)**	**1,789**	**1,663**	**2**	**1,665**
Transactions with owners									
Treasury shares re-issued		-	-	-	-	74	74	-	74
Share-based payments		-	-	-	-	50	50	-	50
Current tax on share awards		-	-	-	-	5	5	-	5
Deferred tax on share awards		-	-	-	-	8	8	-	8
Shares repurchased and held in Treasury		-	-	-	-	(804)	(804)	-	(804)
Cash dividends	8	-	-	-	-	(924)	(924)	(2)	(926)
Total transactions with owners		**-**	**-**	**-**	**-**	**(1,591)**	**(1,591)**	**(2)**	**(1,593)**
Balance at 31 December 2015		**74**	**243**	**(14,229)**	**(946)**	**21,762**	**6,904**	**2**	**6,906**

Group Cash Flow Statement
For the 12 months ended 31 December 2015 (unaudited)

	Notes	**Unaudited Year ended 31 December 2015 £m**	Audited Year ended 31 December 2014 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
Operating profit from continuing operations		**2,241**	2,164
Depreciation, amortisation and impairment		**171**	161
Fair value gains		**(33)**	(1)
Gain on sale of property, plant and equipment assets		**-**	(41)
Decrease/(Increase) in inventories		**22**	(44)
Increase in trade and other receivables		**(218)**	(168)
(Decrease)/Increase in payables and provisions		**(23)**	179
Non-cash exceptional items		**85**	21
Share-based payments		**50**	53
Cash generated from operations		**2,295**	2,324
Interest paid		**(54)**	(58)
Interest received		**23**	26
Tax paid		**(480)**	(416)
Net cash flows attributable to discontinued operations		**-**	223
Net cash generated from operating activities		**1,784**	2,099
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(154)**	(157)
Purchase of intangible assets		**(25)**	(27)
Proceeds from the sale of property, plant and equipment		**51**	19
Acquisition of businesses, net of cash acquired	10	**(10)**	(340)
Maturity of short-term investments		**3**	1
Net cash transferred on demerger of RBP		**-**	(195)
Proceeds on disposal of subsidiaries		**1**	**-**
Net cash flows attributable to discontinued operations		**-**	(16)
Net cash used in investing activities		**(134)**	(715)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased and held in Treasury		**(804)**	(313)
Treasury shares re-issued		**74**	112
Proceeds from borrowings		**23**	-
Repayment of borrowings		**(165)**	(485)
Dividends paid to owners of the parent	8	**(924)**	(988)
Dividends paid to non-controlling interests		**(2)**	(1)
Net cash flows attributable to discontinued operations		**-**	481
Net cash used in financing activities		**(1,798)**	(1,194)
Net (decrease)/increase in cash and cash equivalents		**(148)**	190
Cash and cash equivalents at beginning of the year		**913**	805
Exchange losses		**(28)**	(82)
Cash and cash equivalents at end of the year		**737**	913
Cash and cash equivalents comprise			
Cash and cash equivalents		**740**	917
Overdrafts		**(3)**	(4)
		737	913

1 ACCOUNTING POLICIES

General
Reckitt Benckiser Group plc is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is 103-105 Bath Road, Slough, Berkshire, SL1 3UH.

These condensed financial statements have not been audited.

Basis of Preparation
These condensed financial statements for the year ended 31 December 2015 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority. They have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRSs) but do not comply with the full disclosure requirements of these standards. The condensed financial statements are also in compliance with IFRS as issued by the IASB but do not comply with full disclosure requirements.

These condensed financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 31 December 2014 have been delivered to the Registrar of Companies. The audit report for those accounts was unqualified and did not contain statements under 498 (2) or (3) of the Companies Act 2006 and did not contain any emphasis of matter.

The Group has considerable financial resources together with a diverse customer and supplier base across different geographical areas and categories. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence. The Group therefore continues to adopt the going concern basis of accounting in preparing these condensed financial statements.

Changes in Accounting Policy

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those described on pages 76-80 of the Annual Report and Financial Statements for the year ended 31 December 2014.

There are no new standards, amendments or interpretations which have been adopted for the first time and have a significant impact on the accounting policies applied in preparing the annual consolidated Financial Statements of the Group.

Management is in the process of assessing the impact of *IFRS 15 Revenue from contracts with customers* which will be effective for annual periods beginning on or after 1 January 2018, *IFRS 16 Leases* which will be effective for annual periods beginning on or after 1 January 2019 and the revised issuance of *IFRS 9 Financial Instruments* which will be effective for annual periods beginning on or after 1 January 2018.

A number of other new standards, amendments and interpretations are effective for annual periods beginning on or after 1 January 2016 and have not yet been applied in preparing these Financial Statements. None of these are expected to have a significant effect on the Financial Statements of the Group.

2 OPERATING SEGMENTS

The Executive Committee is the Group's chief operating decision-maker (CODM). Management has determined the operating segments based on the reports reviewed by the Executive Committee for the purposes of making strategic decisions and assessing performance. The Executive Committee considers the business principally from a geographical perspective, but with the Food business being managed separately given the significantly different nature of this business and the associated risks and rewards.

In February 2015, the Group announced the re-organisation of its geographical segments into a revised ENA and DvM. ENA comprises of Europe, Russia/CIS, Israel, North America, Australia and New Zealand. DvM principally comprises North Africa, Middle East (excluding Israel), and Turkey, Africa, South Asia, North Asia, Latin America, Japan, Korea and ASEAN. Comparative information has been restated on a consistent basis.

The geographical segments derive their revenue primarily from the sale of branded products in the health, hygiene and home categories. Food derives its revenue from food products primarily sold in ENA countries.

The Executive Committee assesses the performance of the operating segments based on net revenue from external customers and adjusted operating profit. Finance income and expense are not allocated to segments, as they are managed on a central Group basis.

The segment information provided to the Executive Committee for the operating segments for the year ended 31 December is as follows:

2015	**ENA £m**	**DvM £m**	**Food £m**	**Total £m**
Net revenue	**5,830**	**2,695**	**349**	**8,874**
Depreciation, amortisation and impairment	**104**	**62**	**5**	**171**
Adjusted operating profit	**1,744**	**528**	**102**	**2,374**
Exceptional items				**(133)**
Operating profit				**2,241**
Net finance expense				**(33)**
Profit before income tax				**2,208**

2014[1]	ENA £m	DvM £m	Food £m	Total £m
Net revenue	5,891	2,629	316	8,836
Depreciation, amortisation and impairment	96	61	4	161
Adjusted operating profit	1,640	460	85	2,185
Exceptional items				(21)
Operating profit				2,164
Net finance expense				(38)
Profit before income tax				2,126

(1) As a result of the Group reorganisation, the Group has restated comparative information to reflect results under the new operating structure consistent with reporting to the Executive Committee.

2 OPERATING SEGMENTS (CONTINUED)

Analysis of Categories

The Group analyses its revenue by the following categories:

	Net revenues	
	2015	2014
	£m	£m
Health	**2,942**	2,701
Hygiene	**3,589**	3,627
Home	**1,715**	1,810
Portfolio Brands (incl Food)	**628**	698
Continuing Operations	**8,874**	8,836
Discontinued Operations	**-**	677
	8,874	9,513

3 EXCEPTIONAL ITEMS

	2015	2014
	£m	£m
Acquisition, integration and restructuring costs	**76**	62
Loss on disposal of subsidiary	**57**	-
Gain on sale of plant, property and equipment	**-**	(41)
Total exceptional items	**133**	21

The Group incurred an exceptional charge of £133m (2014: £21m) during the year in respect of the following:

- £76m (2014: £62m) of costs in relation to the ongoing restructuring of the Group's operations, and the integration of prior year acquisitions. Costs incurred in both the current and prior year consist primarily of redundancy, legal and professional fees, and business integration costs which have been included in net operating expenses.
- £57m (2014: £nil) loss on disposal of Medcom-MP, the entity owning the Russian Hospital business. This included a loss of £33m arising from the recycling, from equity, of previous exchange losses arising on consolidation of the legal entity sold (refer to Note 10).
- £nil (2014: £41m) a one-off gain arising on a material disposal of fixed assets in relation to Group restructuring.

4 INCOME TAXES

The tax rate was 21%, a reduction from the 2014 rate of 22%. The adjusted tax rate on ordinary activities is 20% (2014: 22%). The 2015 adjusted tax rate included a 3% benefit as a result of the enactment of the reductions in the future UK corporation tax rate on closing deferred tax liabilities.

5 EARNINGS PER SHARE

	2015 pence	2014 pence
Basic earnings per share		
From continuing operations	**244.4**	230.7
From discontinued operations	**-**	216.4
Total basic earnings per share	**244.4**	447.1
Diluted earnings per share		
From continuing operations	**240.9**	227.6
From discontinued operations	**-**	213.5
Total diluted earnings per share	**240.9**	441.1
Adjusted basic earnings per share		
From continuing operations	**262.4**	233.6
From discontinued operations	**-**	38.6
Total adjusted basic earnings per share	**262.4**	272.2
Adjusted diluted earnings per share		
From continuing operations	**258.6**	230.5
From discontinued operations	**-**	38.0
Total adjusted diluted earnings per share	**258.6**	268.5

Basic

Basic earnings per share is calculated by dividing the net income attributable to owners of the parent from continuing operations (2015: £1,743m; 2014: £1,663m) and discontinued operations (2015: £nil; 2014: £1,560m) by the weighted average number of ordinary shares in issue during the year (2015: 713,063,230; 2014: 720,823,744).

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has the following categories of potentially dilutive ordinary shares: Executive Share Awards (including Executive Share Options and Executive Restricted Share Scheme Awards) and Employee Sharesave Scheme Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 31 December 2015, there were 4 million (2014: 4 million) of Executive Share Awards or Employee Sharesave Scheme Options excluded from the dilution because the exercise price for the options was greater than the average share price for the year.

	2015 Average number of shares	2014 Average number of shares
On a basic basis	**713,063,230**	720,823,744
Dilution for Executive Share Awards	**9,680,716**	9,035,862
Dilution for Employee Sharesave Scheme Options outstanding	**802,516**	880,704
On a diluted basis	**723,546,462**	730,740,310

Adjusted earnings

Details of the adjusted net income attributable to owners of the parent are as follows:

	2015 £m	2014 £m
Continuing Operations		
Net income attributable to owners of the parent from continuing operations	**1,743**	1,663
Exceptional items	**133**	21
Tax effect of exceptional items	**(5)**	-
Adjusted net income attributable to owners of the parent from continuing operations	**1,871**	1,684

5 EARNINGS PER SHARE (CONTINUED)

	2015 £m	2014 £m
Discontinued Operations		
Net income attributable to owners of the parent from discontinued operations	**-**	1,560
Exceptional gain on non-cash dividend	**-**	(1,282)
Tax effect of exceptional items	**-**	-
Adjusted net income attributable to owners of the parent from discontinued operations	**-**	278

6 NET DEBT

Analysis of net debt	2015 £m	2014 £m
Cash and cash equivalents	**740**	917
Overdrafts	**(3)**	(4)
Borrowings (excluding overdrafts)	**(2,417)**	(2,568)
Current available for sale financial assets	**-**	1
Derivative financial instruments	**60**	111
Net debt at end of year	**(1,620)**	(1,543)

Reconciliation of net debt	2015 £m	2014 £m
Net debt at beginning of year	**(1,543)**	(2,096)
Net (decrease)/increase in cash and cash equivalents	**(148)**	190
Proceeds from borrowings	**(23)**	-
Repayment of borrowings	**165**	485
Proceeds from borrowings attributable to discontinued operations	**-**	(481)
Borrowings divested of on demerger	**-**	467
Exchange and other movements	**(71)**	(108)
Net debt at end of year	**(1,620)**	(1,543)

7 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated.

Provisions for liabilities and charges include legal £141m (2014: £201m), restructuring £33m (2014: £13m) and other provisions £170m (2014: £176m).

Legal provisions include £116m (2014: £158m) of exceptional legal provisions in relation to a number of historic regulatory investigations by various government authorities in a number of markets. These investigations involve mainly competition law inquiries, some of which have concluded in the period.

The restructuring provision relates principally to redundancies, the majority of which is expected to be utilised within one year.

Other provisions include obligations of the Group to acquire its own equity ordinary shares £100m (2014: £100m), within one year, onerous lease provisions and environmental and other obligations throughout the Group, the majority of which are expected to be utilised within five years. Provisions to acquire equity ordinary shares are charged to equity.

8 DIVIDENDS

Cash dividend distributions

	2015 **£m**	2014 £m
Dividends on equity ordinary shares:		
2014 Final paid: 79p (2013: Final 77p) per share	**566**	554
2015 Interim paid: 50.3p (2014: Interim 60p) per share	**358**	434
Total dividends for the year	**924**	988

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2015 of 88.7p per share which will absorb an estimated £628m of Shareholders' funds. If approved by Shareholders it will be paid on 26 May 2016 to Shareholders who are on the register on 15 April 2016, with an ex-dividend date of 14 April 2016.

Non-cash dividend distributions

On 23 December 2014 the RB Pharmaceuticals business was demerged by means of a non-cash dividend, granting all Reckitt Benckiser Group plc ordinary Shareholders new shares in the newly formed Indivior plc. The transaction was recognised and measured in accordance with IFRIC 17 – Distribution of Non-cash Assets to Owners. This treatment led to a gain on the distribution of non-cash assets to its Shareholders.

	2014 £m
Fair value of the dividend paid	1,046
Carrying amount of the net liabilities distributed (i)	292
Net realised losses in other comprehensive income reclassified to the income statement	3
Exceptional transaction costs deducted from gain on non-cash dividend paid, net of tax	(59)
Gain on non-cash dividend paid, net of tax	1,282

(i) Included within the carrying amount of the net liabilities distributed were £195m of cash and £467m of debt held by RB Pharmaceuticals on demerger.

9 CONTINGENT LIABILITIES

The Group is involved in a number of civil and/or criminal investigations by government authorities as well as litigation proceedings and has made provisions for such matters where appropriate. Where it is too early to determine the likely outcome of such matters, or to make a reliable estimate, the Directors have made no provision for such potential liabilities. Matters in relation to which the Group may incur liabilities include ongoing investigations by the US Department of Justice and the US Federal Trade Commission and others in relation to certain matters relating to the RB Pharmaceuticals business prior to its demerger in December 2014 to form Indivior PLC.

The Group from time to time is involved in disputes in relation to on-going tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case.

10 BUSINESS ACQUISITIONS AND DISPOSALS

In December 2015, in line with RB's continued focus on its core business of health, hygiene and home, the Group disposed of the Medcom business in Russia. The reported loss on sale of the entity is £57m. This is included within exceptional items. It comprises a £24m difference between the net sale proceeds and the net assets; and a recycling from reserves of previous exchange losses arising on consolidation of the legal entity sold. Due to the significant devaluation of the Russian rouble since acquisition, the non-cash exchange loss required to be recycled through the income statement is £33m.

In 2014, the Group acquired the K-Y brand and related businesses. This transaction was accounted for under IFRS 3: Business Combinations. The fair values of the identifiable assets and liabilities at the date of acquisition were provisionally estimated and disclosed in the 2014 Annual Report and Financial Statements. In 2015, the provisional values have been finalised leading to a £6m increase in deferred tax liabilities and a related £6m increase in Goodwill, 2014 amounts have not been restated.

In 2014, the Group licensed out the Scholl brand for use within the Footwear market and disposed of certain associated operating assets.

11 DEMERGER OF RB PHARMACEUTICALS

On 23 December 2014, the Group demerged the pharmaceutical business in the form of a dividend in specie. RB Pharmaceuticals was presented as a discontinued operation because it was no longer controlled by the Group.

Financial information relating to the operations of RB Pharmaceuticals for the comparative period is set out below. The Group Income Statement and Group Cash Flow Statement distinguish discontinued operations from continued operations.

The financial performance and cash flow information presented are for the period to 23 December 2014.

For the period ended	2014 £m
Net revenue	677
Expenses	(308)
Profit before income tax	369
Income tax expense	(91)
Net income from discontinued operations	278

The major classes of cash flows related to RB Pharmaceuticals are as follows:

For the period ended	2014 £m
Cash flows from operating activities	223
Cash flows from investing activities	(16)
Cash flows from financing activities	481
Net increase in cash and cash equivalents from discontinued operations	688

12 POST BALANCE SHEET EVENTS

Purchase of Hypermarcas' Contraceptives Unit

On 29 January 2016 the Group signed a definitive agreement, subject to regulatory approval, to acquire Hypermarcas' Brazilian condom and lubricants business. Hypermarcas is the leading Brazilian condom manufacturer, through its three brands – Jontex, Olla and Lovetex.