

Nurturing Lives with Leading Brands



ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY, 2012



NEW



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Intense Heat for extra relief

Feel good, stay healthy the  way.


Cussons



Mission

We are an international, entrepreneurial conglomerate operating locally to enhance the lives of all consumers through quality, value and innovation, day after day.

Vision

We shall profitably grow our business, strengthening our product portfolio, enhancing the lives of our employees, consumers and all other stakeholders, by living and breathing our shared values, everyday.



My delicate
skin needs
extra care



milk & chamomile
nourishes, soothes & calms skin

mild &
gentle



In partnership with



Enriched with natural ingredients to nourish,
soothe and calm your baby's delicate skin.

Milk: cares for & nourishes skin.

Chamomile: soothes and calms baby's skin.

**Cussons
baby**
...cares and protects

SHAREHOLDER'S ADMISSION FORM

Please admit shareholder.....

Or in his/her place Mr/Mrs/Miss.....

To represent him/her at the 64th ANNUAL GENERAL MEETING of this Company to be held at 10.00 a.m. on Thursday 13 September 2012 at Transcorp Hilton Hotel Abuja.

THIS FORM SHOULD BE COMPLETED, TORN OFF, AND PRODUCED BY THE SHAREHOLDER OR HIS/HER NOMINEE IN ORDER TO GAIN ENTRANCE TO THE MEETING.



Rotimi Alade

Company Secretary

THE EFFECTIVE CLEANING PERFORMER

Use Morning Fresh Dishwashing Liquid, the effective cleaning performer that tackles tough stains and leaves your dishes sparkling clean and smelling fresh.



Every drop cleans so much more

PZ
Cussons

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Board of Directors, Officers and other Corporate Information

Professor E.C. Edozien, OFR	Chairman: Non - Executive
Mr. B. Oyelola	Vice Chairman: Non - Executive
Mr. C. Giannopoulos (Greek)	Managing Director / Chief Executive
Mr. L. Batagarawa	Independent
Ms. J. F. Coker	Executive
Mrs E. Ebi	Independent
Mr. A. Goma	Executive
Mr. M. Hayatu-Deen	Independent
Mrs. O.T. Ifaturoti	Executive
Mr. A. Kristiansson (Swedish)	Resigned (w.e.f 30/06/2012)
Mr. D. Petzer (South African)	Executive (Appointed w.e.f 01/09/2012)
Mr. A. Raji	Executive
Mr. P. Usoro, SAN	Independent

Company Secretary

Mr. R.A. Alade

Registered Office

45/47 Town Planning Way
Ilupeju Industrial Estate
P.M.B 21132
Ikeja

Registration Number

RC. 693

Registrars

First Registrars Nigeria Limited
Plot 2 Abebe Village Road
Iganmu
P.M.B 12692
Lagos

Auditors

PricewaterhouseCoopers (Chartered Accountants)
252E, Muri Okunola Street
Victoria Island

RESULTS AT A GLANCE

For the year ended 31 May 2012

	← The Group →		
	2012 N'000	2011 N'000	% Increase/ (decrease)
Turnover	72,154,601	65,877,984	10
Profit before exceptional items and taxation	4,733,585	8,025,266	(41)
Profit before taxation	4,306,863	8,025,266	(46)
Taxation	(1,768,017)	(2,328,200)	(24)
Non controlling interest	(128,348)	(479,536)	(73)
Profit after taxation attributable to members	2,410,498	5,217,530	(54)
At year end:			
Share capital	1,985,238	1,588,191	
Shareholders' fund	40,929,117	41,193,341	
Per 50k share data:			
Based on 3,970,477,046 (2011:3,176,381,636) ordinary shares of 50k each:			
<i>Basic earnings per share (Naira)</i>	0.61	1.64	
<i>Adjusted earnings per share (Naira)</i>	0.61	1.31	
Number of employees	2,723	2,921	
Stock exchange quotations in Naira (Company):			
As at 31 May	23.85	35.00	



Professor Emmanuel Edozien

Professor Edozien is a former professor of International Economics and Development at the University of Ibadan where he also served as the Dean, Faculty of Social Sciences. He was a former Chief Economic Adviser to the President of Nigeria. He is on the board of many companies as well as chairing many government policy panels and task forces. He was appointed as the Chairman of the Board of Directors of the company in 2006.



Mr. Tunde Oyelola

Mr. Oyelola is a chemical engineer who worked for 30 years with the PZ Cussons Group in different senior management positions and retired as the Deputy Chief Executive in 2007. He is a Fellow of the Nigerian Society of Chemical Engineers, a Member of the Nigerian Institute of Management and Vice President of the Manufacturers Association of Nigeria (MAN). He was appointed as the vice chairman of the Board of Directors in 2008.



Mr. Christos Giannopoulos

Mr. Giannopoulos joined the PZ Cussons Group in 1988 with a degree in Business Administration specialising in Marketing from Derby University United Kingdom. He had occupied several managerial positions in the United Kingdom, Australia, Kenya and Indonesia before he joined the Nigerian subsidiary in 2002. He joined the Board in 2004 and was appointed as the Managing Director and Chief Executive Officer of the company in 2009.



Mr. Lawal Batagarawa

Mr. Batagarawa is a graduate of Engineering and Applied Mathematics from the Ahmadu Bello University. He was appointed to the Board in 2008. He has been a lecturer in the Katsina State College of Arts, Science and Technology and a Permanent Secretary in Kaduna State. Between 1999 and 2003 he was Minister for Education and later Minister for Defence. Between 2003 and 2007, he was the Special Adviser to the President on Intra-Party Relations.



Mr. Adewale Raji

Mr. Raji is a Humanities graduate of the University of Jos. He also has an MBA in Marketing. He joined the group over two decades ago and has since then worked in various sections of the business. He became the Managing Director of Distribution Services in 2005 and was appointed to the Board in 2006.



Mrs. Elizabeth Ebi

Mrs. Ebi is the Chief Executive Officer of Futureview Financial Services Limited. She joined the Board in 2008 with over 23 years management experience in the financial services sector. Between 1999 and 2006, she was a member of the Technical Committee of National Council on Privatisation. She is also on the Board of FUG Pensions Limited.



Mr. Alex Goma

Mr. Goma is a Biochemistry graduate of the University of Port Harcourt. He is an experienced business manager with significant expertise in sales and trade marketing of Fast Moving Consumer Goods spanning six countries in Africa. Before he joined the Company, he had worked for Procter & Gamble in Nigeria, Ghana and Egypt, British America Tobacco in Senegal, Gambia, and Mauritania and Guinness Nigeria Plc where he was the Sales Director. He was appointed to the Board in 2011.



Mrs. Yomi Ifaturoti

Mrs. Ifaturoti, an alumnus of the University of Ibadan holds a B.Sc. in Pharmacology and Diploma in Sales. She is also a Fellow of the Chartered National Institute of Marketing of Nigeria. She has wide experience in marketing and general administrative management spanning over 28 years, 20 of which she spent in the PZ Cussons Group. She was appointed to the Board in 2006 and she is currently the Group Corporate Affairs and Admin Director.



Mr. Paul Usoro, SAN

Mr. Usoro was educated at the Obafemi Awolowo University Ile-Ife. He is the senior partner of Paul Usoro & Co. a law firm founded by him and which has grown to become one of Nigeria's leading commercial law practices. Apart from being a foremost litigator, he is acclaimed as one of Nigeria's leading communication law experts and has diverse experience and skills in commercial law. He has served as the chief legal consultant for Nigeria's first ever spectrum auction in 2001, which produced the first set of Nigeria's GSM operators. He has also worked with the National Assembly in producing the Nigeria Communication Act, 2003. He currently sits on the boards of Airtel Nigeria Limited, Marina Securities Limited and Premium Pensions Limited. He joined the Board in 2011.



Ms. Joyce Folake Coker

Ms. Coker, a seasoned human resources practitioner is a University of Lagos graduate of History. She also holds a Master of Arts in Human Resources Management from the University of Westminster, London. Prior to joining the company on July 1 2011 she had worked in Universal Commercial Plc, London, as Human Resources Manager, Accenture as Human Resources Analyst, Heirs Alliance as Head, Human Resources Management and the Unilever Group based in Kenya where she was the Human Resources Business Partner for the Central Africa region.



Mr. Mohammed Hayatu-Deen

Mr. Hayatu-Deen joined the Board in 2008 with a portfolio of diverse experiences from the private and public sector. He was former Group Managing Director of New Nigerian Development Company and former Managing Director of FSB International Bank Plc. He is currently on the boards of several companies and was a member of the Presidential Advisory Council.



Mr. David Petzer

Mr. Petzer is a graduate of Commerce and Accounting with a Post Graduate Diploma in Risk Management from the University of Cape Town, South Africa. He is a member of the South Africa Institute of Chartered Accountants with considerable experience spanning sixteen years. Before joining the Company he had worked with KPMG in South Africa as General Accounting Manager. He had also worked with the British America Tobacco Group first in the United Kingdom and later in South Africa where he rose to the position of Finance Director. He was appointed to the Board with effect from September 1, 2012.

Notice of Meeting

Notice is hereby given that the 64th Annual General Meeting of PZ Cussons Nigeria Plc will be held at Transcorp Hilton Hotel Abuja on Thursday, 13 September, 2012 at 10.00am for the following purposes:

Ordinary business

1. To lay before the meeting the financial statements of the Company and the Group for the year ended 31 May 2012, and the Reports of the Directors, Audit Committee and Independent Auditors thereon.
2. To declare a Dividend.
3. To re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Independent Auditors.
5. To elect members of the Audit Committee.

Special business

6. To approve the remuneration of the Directors.

BY ORDER OF THE BOARD



Rotimi Alade,
Company Secretary,
45/47, Town Planning Way,
Ilupeju Industrial Estate,
Lagos.

26 July, 2012

Proxy

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place and such proxy need not be a member of the Company. A detachable proxy form is attached to the Annual Report and Financial Statements. Executed proxy forms should be deposited at the registered office of the Company, 45/47, Town Planning Way, Ilupeju Industrial Estate, P.M.B. 21132, Ikeja, not later than 10.00a.m. on Tuesday 11 September 2012.

Dividend Warrants

The board has recommended dividend payment which if approved, is payable less withholding tax. Dividend warrants will be posted on Thursday, 20 September 2012 to shareholders whose names appear on the register of members on Friday, 17 August 2012.

Closure of Register of Members

The Register of Members and Transfer Books will be closed from Monday, 20 August, 2012 to Friday, 24 August, 2012 (both dates inclusive) for the purpose of updating the register of members.

Audit Committee

In accordance with section 359 (5) of the Companies and Allied Matters Act, any member may nominate a shareholder as a member of the Audit Committee, by giving notice in writing of such nomination to reach the Company Secretary at least 21 days before the Annual General Meeting.

Nominators should bear in mind that the Code of Corporate Governance requires the Board to ensure the constitution of a suitably skilled Audit Committee. Accordingly the nominees should have basic financial literacy and be able to read financial statements.



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TO BE COOL**



• deodorizing and cooling effect • antiseptic soap kills 99.9% of bacteria •



Professor E. C. Edozien, OFR
Chairman

Chairman's Statement

Distinguished shareholders,

It gives me great pleasure to welcome you to the 64th Annual General Meeting of our Company to present to you the Financial Statements and Reports as well as a review of the performance of our Company for the financial year ended 31 May, 2012. As usual, I will undertake a brief review of the business environment in order to put the report and the Company's performance in proper perspective.

Business environment

The past year was very challenging with significant raw material cost increases. This combined with the overall instability characterized by the civil society unrest earlier in the year and the unabated insecurity in the northern parts of the country impacted on sales and profits.

The focus during the year was to drive top line growth and leverage investments into Supply Chain which has enabled us to further enhance the quality of our key products while optimizing the overall cost structure. This resulted in a 10% overall top line growth and a recovery in the last quarter to profitability levels in line with the prior year. We are, therefore, confident that the decisions and choices made during last year have positioned our Company well for future profitable growth, even if the overall annual results for last year, which we will present, are challenging.

During the period under review, the world economy was affected by the Euro crisis, which resulted in Greece requiring further rescue packages and question marks arising about Spain and Italy, with the Spanish banks eventually needing support. The impact on the overall world economy, if these countries were to come under severe financial distress, cannot be underestimated. The US and Asian economies showed some signs of recovery which should partially balance the Euro zone impact.

During the year under review, the Nigerian economy remained relatively healthy, with an average GDP growth of 7.0%. The foreign reserves increased to approximately \$38 Billion towards the end of the financial year as a result of the stability and increase in the international price of oil. Production was strong and remained above 2 million barrels per day throughout the year.

Inflation remained high, and has been at or above 11.9% since January 2012. There were significant material price increases for oil based, or derived, raw materials such as the key materials for Laundry and Soap products. The Naira devalued from N153 by May 2011 to N157 by May 2012 to the US Dollar, and the widening gap between the CBN rate and the parallel market is a cause of concern.

Overall, the economic fundamentals give us reason to be positive about the future for the country and our Company's potential to return to profitable growth.



Results

The Fast Moving Consumers Goods - FMCG - sector remained very competitive. However the White Goods Household segment experienced some contraction during the second half of the year, as the consumers felt the impact of inflation and prioritized their spends. Competition also remained strong in our core Personal Care and Home Care segments. Despite this, the overall turnover of our Company increased by 10% from N65.9 billion last year to N72.2 billion this year. Profitability was however adversely affected with pre-tax profit before exceptional items decreasing by 41% from N8.0 billion to N4.7 billion, as the company was unable to fully pass on the impact of the raw material cost increases and naira devaluation to the trade. Other options were assessed and optimized during the year to improve the profitability while maintaining competitive consumer price points. Furthermore, N427 million of exceptional restructuring costs were incurred during the year to streamline the Supply Chain and Overheads. Net profit after tax decreased by 55% to N2.5 billion.

Though the overall results are not in line with our projections, the choice of investing in volume growth and improving the cost structure during the year, gives us the confidence that this will put our Company on the right footing for profitable growth in the future. This is reflected in our last quarter result where profit stabilized and returned to prior year levels.

Dividends

Despite the results of the year ended 31st May 2012, the Board of Directors is recommending to the shareholders at this Annual General Meeting, a dividend of N1,707 million representing 43 kobo per share. The dividend will be paid subject to the deduction of withholding tax at the appropriate rate.

Products

Our brands performed relatively well during the period and continued to gain market shares in their respective categories.

The White & Brown Goods segments continued to expand with the introduction of exciting new freezers and fridges which were all well received by the consumers. Haier Thermocool thus maintained its market shares in these categories and gained significant shares in the Wash Machine segment.

The new Premier range continued to do well, with the Cool Deo soap growing strongly. We continued to be the market leader in the Soap segment with Premier, Joy, Imperial Leather, Cussons Baby and Carex. The Robb range was extended with Robb Sweets, Robb Hot Ointment and Robb Medicated Powder. Venus and Joy have had a good year, especially with the aspirational new Venus range launched during the year.

The Board

Mr. Anders Kristiansson resigned as a Director with effect from 30th June 2012, after having served on the Board for 4 years. He is succeeded by Mr. David Petzer. On behalf of the company, I thank Mr. Kristiansson for his service and valuable contribution to the growth of the Company and wish him every success. It is also my pleasure to welcome Mr. Petzer in the new role.

Staff

The top line growth, in spite of the difficult environment, would not have been achieved without the loyal and dedicated employees who continued to be our most valued assets. Their individual and collective efforts made it possible for the Company to manage the challenges it faced during a very trying and difficult year.

The Company invested in various Leadership Training programs for the senior managers in addition to the several existing developmental programs for the junior levels during the year. The Graduate Management Trainee Scheme is in its 6th year and is helping the Company's succession planning program and future growth.

Corporate Social Responsibility

The PZ Cussons Foundation has been up and running for the last 5 years and continued to support community projects in Nigeria. In addition to the 26 projects completed and commissioned during prior years, the following projects were completed during the year under review:

- Construction of an inspirational Youth Development Centre, Ibadan
- Extension of the PZ Cussons Clinic at the Bells University of Technology, Ota
- Renovation of the Army Children School, Zaria
- Construction of classrooms and borehole, Lokoja
- Partnership with Concern Universal on Sustainable Water Sanitation and Hygiene (SWASH) projects in Ebonyi and Cross Rivers states.
- Construction of Administrative Building for Queens School, Ibadan

These projects are consistent with our commitment to support community based projects around the country in the areas of education, health, and provision of potable water and road infrastructure.

The Future

In line with the strategic plans and direction in the forth coming financial year, we are optimistic that we will deliver the targets. The Company has invested in strengthening the Supply Chain and improving operational efficiency, to optimize the cost base and consumer experience. The Detergent and Soap manufacturing processes have been further improved to drive efficiencies and meet the increasing demand. The Robb production process has been upgraded to further enhance the product and consumer experience. These initiatives plus other investments to optimize the Supply Chain and overall overheads will ensure a flexible and competitive cost structure for our Company going forward.

Conclusion

I would like to express my appreciation to the management and staff for their dedication in running the business; our distributors for their unflinching support in promoting our brands; the consumers for their loyalty and fellow shareholders for their confidence in our company.

Finally, I thank my colleagues on the Board for their demonstrable support and cooperation. I also extend my thanks to members of the Audit Committee and look forward to a better performance in the next financial year.

I thank you all for your kind attention.




Professor E. C. Edozien, OFR
Chairman



Report of the Directors

For the year ended 31 May 2012

Accounts, Results and Appropriation

The Directors present their report together with the group financial statements as at 31 May 2012, which disclose the state of affairs of the Company and the Group.

	N'ooo
Group profit after taxation and non controlling interest	2,410,498

The Directors are pleased to recommend to the shareholders the payment of a dividend of N1,707 million. (2011: N2,732 million) that is 43 kobo per share (2011: 86 kobo per share) to be paid on 20 September 2012.

Legal Form

The Company was incorporated in Nigeria on 4 December 1948 under the name of PB Nicholas & Company Limited. The name was changed to Alagbon Industries Limited in 1960. It became a publicly quoted company in 1972 and was granted a listing on the Nigerian Stock Exchange. The name was again changed to Paterson Zochonis Industries Limited on 24 November 1976, and in compliance with the Companies and Allied Matters Act, it changed its name to Paterson Zochonis Industries Plc on 22 November 1990. On 21 September 2006, the Company adopted its present name of PZ Cussons Nigeria Plc. The Company is a subsidiary of PZ Cussons (Holdings) Limited, UK.

Principal Activities

The principal activities of the group remained the manufacture, distribution and sale of a wide range of consumer products and home appliances which are leading brand names throughout the country in detergent, soap, pharmaceuticals, cosmetics, confectionery, refrigerators, freezers and air-conditioners. The group also distributes the products of Nutricima Limited, Harefield Industrial Nigeria Limited and PZ Wilmar Limited.

Board of Directors

The following persons served as directors during the year:

Prof. E.C. Edozien, OFR	-	Chairman
B. Oyelola	-	Vice Chairman
C. Giannopoulos (Greek)	-	Managing Director/Chief Executive
L. Batagarawa	-	Independent
J. F Coker (Ms)	-	Executive
E. Ebi (Mrs)	-	Independent
A. Goma	-	Executive
M. Hayatu-Deen	-	Independent
O.T. Ifaturoti (Mrs.)	-	Executive
A. Kristiansson (Swedish)	-	Executive (Resigned w.e.f 30/06/2012)
A. Raji	-	Executive
P. Usoro, SAN	-	Independent

Since the last annual general meeting, Mr. A. Kristiansson retired from the Board. To fill the vacancy, the Board appointed Mr. David Petzer who will be presented for election at the Annual General Meeting.

In accordance with Article 90 of the Company's Articles of Association, and section 259(1) of the Companies and Allied Matters Act one third of the number of directors, based on seniority of appointment must retire at the Annual General Meeting. They may offer themselves for re-election. Accordingly, Mr. B. Oyelola, Mrs. O.T. Ifaturoti, Mr. L. Batagarawa and Mr. M. Hayatu-Deen will be retiring at this Meeting and, being eligible, they have offered themselves for re-election.

Report of the Directors cont'd

For the year ended 31 May 2012

Directors' Interest in Shares

The interest of each director in the issued share capital of the Company as recorded in the register of members for the purpose of Section 275 of the Companies and Allied Matters Act and in compliance with the listing requirements of the Nigerian Stock Exchange are as follows:

Particular	Number of Shares	
	2012	2011
Professor E.C. Edozien	5,290,153	4,026,775
Mr. B. Oyelola	244,336	209,798
Mr. A. A. Raji	163,358	116,167
Mrs E. Ebi : Direct	-	-
Indirect	100,000	100,000
Mr. L. Batagarawa	20,706	16,565
Mrs O. T. Ifaturoti	12,245	9,796
Mr. C. Giannopoulos	-	-
Mr. A Kristiansson	-	-
Ms. J. Coker	-	-
Mr. A. Goma	-	-
Mr. M. Hayatu-Deen	-	-
Mr. Paul Usoro	1,000,000	-

There was no change in the above holdings as at 26 July, 2012.

Directors Interest in Contracts

In accordance with Section 277 of the Companies and Allied Matters Act, no director of the Company notified the Company of any declarable interest in any contract in which he was involved during the year under review.

Meetings of the Board of Directors

As a rule the Board of directors meets at least quarterly and additional meetings are convened as required. Material decisions are sometimes taken between meetings by way of written resolutions as provided in the company's Articles of Association.

The Directors are provided with comprehensive reports of the activities of all the various business units as well as important corporate events at each of the quarterly meetings. They are also briefed on all business developments between meetings. The Board met five times during the 2012 financial year.

The meetings of the Board were presided over by the Chairman, and in his absence, the Vice Chairman. In all cases, written notices of meetings along with the agenda were circulated at least fourteen days before meetings. The minutes of the meetings were appropriately recorded and circulated.

In accordance with Section 258(2) of the Companies and Allied Matters Act, the record of the Directors' attendance at Board meetings will be made available for inspection at this Annual General Meeting.

Report of the Directors cont'd

For the year ended 31 May 2012

Major Shareholdings

According to the Register of Members as at 31 May 2012, PZ Cussons (Holdings) Limited UK held 2,730,312,132 shares. This represents 68.75% of the paid-up capital of the Company.

Analysis of Shareholdings

The shareholding pattern of the Company as at 31 May 2012 as advised by the Registrar is as stated below:

Range	Number of holders	Units	Percentage (%)
1 – 1000	25,156	9,892,209	0.25
1,001 – 5000	24,320	60,331,997	1.52
5,001 – 10,000	12,367	94,361,236	2.38
10,001 – 50,000	15,757	323,915,555	8.16
50,001 – 100,000	1,325	91,997,017	2.32
100,001 – 500,000	1,027	201,616,032	5.08
500,001 – 1,000,000	92	64,435,414	1.62
1,000,001 – 5,000,000	91	190,507,904	4.80
5,000,001 – 10,000,000	10	75,740,256	1.91
10,000,001 – 50,000,000	7	127,367,293	3.21
1,000,000,001 – 3,970,477,046	1	2,730,312,133	68.75
Total	80,153	3,970,477,046	100.00

According to the register of members as at 31 May 2012, no individual shareholder held more than 5% of the issued share capital of the company except PZ Cussons (Holdings) Limited UK.

Corporate Governance Report

The Board is committed to meeting standards of Best Practices set out in the Code of Corporate Governance (the "Code") published by the Securities and Exchange Commission.

This report describes how the Board has been complying with the Code as well as Best Practices in corporate governance.

Board Composition

The Articles of Association of the Company provides for a maximum of fifteen directors. During the year under review, the Board comprised twelve Directors. Six of them (including the Chairman and the Vice Chairman) are Non-Executive Directors while six are Executive Directors.

Report of the Directors cont'd

For the year ended 31 May 2012

Attendance at Meetings

In line with the Code, the table below shows the frequency of the Board meetings during the year and members attendance at these meetings:

Director	05/07/2011	27/07/2011	10/10/2011	23/01/2012	13/04/2012
Prof. E.C. Edozien	P	A	P	P	P
Mr. B. Oyelola	P	P	P	P	P
Mr. C. Giannopoulos	P	P	P	P	P
Mr. L. Batagarawa	P	P	P	P	P
Ms. J. Coker	A	P	P	P	A
Mrs. E. Ebi	A	P	P	P	A
Mr. A. Goma	A	A	P	P	P
Mr. M. Hayatu-Deen	A	A	P	P	P
Mrs. O.T. Ifaturoti	A	A	P	P	P
Mr. A. Kristianson	A	P	P	P	P
Mr. A. Raji	A	P	P	P	P
Mr. P. Usoro, SAN	NA	A	P	P	P

Keys: P = Present

A = Apologies

NA = Not on the Board at the date of the meeting

Independent Directors

In compliance with the Code, four (4) of the six (6) non –executive directors are independent directors who have no significant shareholding interest or any special business relationship with the Company.

Separation of the position of the Chairman and Chief Executive

In line with best practices the roles of the chairman and the chief executive are separate and no one individual combines the two positions.

The position of the Chairman is held by Professor E.C. Edozien, a non - executive director while the office of the chief executive is occupied by Mr. C. Giannopoulos.

Furthermore, while the Chairman is responsible for the running of the Board, the Chief Executive is responsible for co-ordinating the running of the business and implementing strategies.

Board Operations

The Board is the ultimate governing body of the Company and it is responsible for its overall supervision, by ensuring that the Company is appropriately managed to achieve the set strategic objectives.

The specific issues reserved for the Board include:

- The ultimate direction of the Company, and in particular the conduct and supervision of the business.
- Determination of the Company's organisation.
- Risk management and internal controls
- Supervision with respect to compliance with the law.
- Corporate governance matters.
- Periodic and regular review of actual business performance relative to established objectives.
- Communication with shareholders.

Report of the Directors cont'd

For the year ended 31 May 2012

Committees of the Board

The Board has established Standing Committees whose terms of reference clearly set out their roles, responsibilities and scope of authority. Each committee is chaired by a Non - Executive Director to ensure strict compliance with Best Practices in Corporate Governance. Furthermore, the chairman of the board of directors is not a member of any of these committees.

I. Audit Committee

The committee is established to perform the functions listed in section 359(5) of the Companies and Allied Matters Act. Its major functions include: approval of the annual audit plan of the Independent Auditors, review and approval of the audit scope and review of the audit report on internal weaknesses observed by both the internal auditors and the independent auditors.

The committee is comprised of three representatives of the shareholders, one of whom is the Chairman, and three representatives of the Board, two of whom are Non-Executive Directors.

The meetings of the committee were attended by the Head of Internal Audit and representatives of PricewaterhouseCoopers, the Company's external auditors.

The following directors served as members of the audit committee during the year.

- Mr. L. Batagarawa
- Mr. B. Oyelola
- Mrs. O.T. Ifaturoti

The table below summarises attendance of audit committee members at the four meetings held during the year in review.

Name	27/07/2011	15/11/2011	24/01/2012	17/04/2012
Prof. R.I Salawu	P	P	P	P
E.A Akinduro	P	P	P	P
O.I. Obarinde	P	P	P	P
B. Oyelola	P	P	P	A
L. Batagarawa	A	P	P	A
O.T. Ifaturoti (Mrs.)	P	P	P	A

Keys: P = Present
A = Apologies

ii. Risk Management Committee

The committee has responsibility for the following:

- review of the company's risk management policies and the adequacy and effectiveness of control,
- review of the compliance level with applicable regulatory requirements that may impact the company's risk profile, and
- review of the changes in the business environment and other factors relevant to the company's risk profile.

Report of the Directors cont'd

For the year ended 31 May 2012

The committee is made up of seven members namely:

- Mr. L. Batagarawa - Chairman
- Mr. C. Giannopoulos
- Mrs. E. Ebi
- Mr. A. Goma
- Mr. B. Oyelola
- Mr. A. Raji
- Mr. A. Kristiansson

The Committee met three (3) times during the financial year. The table below summarises members' attendance at the meetings.

Name	27/07/2011	15/11/2011	24/01/2012
L. Batagarawa	P	P	P
C. Giannopoulos	P	P	P
B. Oyelola	P	P	P
A. Kristianson	P	P	P
A. Goma	P	P	P
A. Raji	P	P	P
E. Ebi (Mrs)	A	P	P

Keys: P = Present
A = Apologies

iii. Governance/People Committee

The Committee advises the Board on appointment of directors, corporate governance matters, staff welfare and remuneration, talent management and other strategic employee relations matters.

The members of the committee are as follows:

- Mr. M. Hayatu-Deen - Chairman
- Mr. B. Oyelola
- Mr. C. Giannopoulos
- Mrs. O.T. Ifaturoti
- Ms. J.F. Coker
- P. Usoro (SAN)

The Committee met three (3) times during the financial year. The table below summarises members' attendance at the meetings.

Name	14/11/2011	24/01/2012	21/03/2012
M. Hayatu-Deen	P	P	P
B. Oyelola	P	P	P
C. Giannopoulos	P	P	A
O.T. Ifaturoti (Mrs)	P	P	P
J.F. Coker	P	P	P
P. Usoro SAN	A	P	P

Keys: P = Present
A = Apologies

Report of the Directors cont'd

For the year ended 31 May 2012

iv. Leadership Team

The leadership team comprises the executive directors and other senior managers occupying strategic roles in the business. The leadership team is responsible for setting overall corporate targets, agreeing priorities, allocating resources and monitoring plans and superintending the day to day affairs of the business. The committee is chaired by the Chief Executive Officer.

The members are:

- Mr. C. Giannopoulos
- Mr. A. Raji
- Mr. A. Kristiansson
- Mrs. O.T. Ifaturoti
- Mr. P. Katsis
- Mr. A. Goma
- Ms. J. Coker

Internal Control

The Board maintained a sound system of internal control to safeguard shareholders' investments and the company's assets. The system of internal control provides reasonable assurance against material loss. The responsibilities include oversight function of internal audit and control, risk assessment and compliance, conformity and contingency planning and formalization and improvement of the business process.

Communication with Shareholders

The Company is committed to an open and consistent communication policy with shareholders and other stakeholders. The guiding principle is that equal treatment is given to all shareholders in equal situations. Price sensitive information is published timely in a full, simple and transparent format.

The directors produce detailed annual reports and financial statements according to relevant local and international standards.

Furthermore, all shareholders have equal opportunity at the annual general meeting to present questions to the board and make comments on any aspect of the financial statements.

Insider Dealing

The Company has regulations guiding the directors, members of the audit committee and other officers of the Company on periods when they and /or persons connected to them cannot lawfully effect transactions on the Company's shares as well as the disclosure requirements when effecting any transactions on the shares of the Company.

Compliance Statement

The directors confirm that the Company complied with the provisions of the Code with the following exceptions:

- Code 4.3: The board recognises that the Code requires that majority of the board members should be non-executive directors. The company is yet to comply with this provision as the board had equal numbers of executive and non- executive directors. This is being addressed during the current financial year.
- Code 15.1: The board has put in place a process of formal evaluation of the performance of the board, its committees and the individual directors. The evaluation commenced during the current financial year.

Report of the Directors cont'd

For the year ended 31 May 2012

E - Dividend

In line with the Company's aim of value creation for its shareholders, the shareholders were encouraged to embrace the e-dividend and e-bonus introduced in the capital market. This is to enable prompt crediting of shareholders bank accounts with dividend and their CSCS account with bonus shares. This will also eliminate the cost of posting dividend warrants and bonus certificates as well as the risks of being lost in transit when posted.

Accordingly, First Registrars Nigeria Limited has produced the relevant form for completion by shareholders for this purpose.

Fixed Assets

Movements in fixed assets during the year are shown in Note 6 on page 42 and 43. In the opinion of the directors, the market value of the group's fixed assets is not lower than the value shown in the financial statements.

Distributors and Suppliers

The group has 26 distribution depots across the country with over 1,000 distributors.

The group also obtained its requirements from both local and overseas suppliers. The principal overseas suppliers are associated companies in the PZ Cussons Plc group. The major local suppliers include its subsidiary companies, PZ Power Limited, PZ Tower Limited and HPZ Limited. The transactions are carried out at arms length.

Research and Development

The group's research and development efforts, supported through licensing and technical services agreement with overseas associated companies in the PZ Cussons Plc group, are designed to ensure a constant programme of product improvement and new product introduction.

Employment and Employees

i. Employment of disabled person

The group's policy provides for due priority to be accorded to disabled persons in recruitment for any available position where their incapacity will not expose them to danger or serious disadvantage. Employees who become disabled in the course of their employment are retained and redeployed wherever possible within the context of the above policy. However, the group had no registered disabled person in its employment during the year under review.

ii. Health, safety and welfare

The group recognizes the health and safety of its employees, customers, contractors, neighbours and all stakeholders as a top priority and forms an integral part of its business activities.

We are committed to maintaining a safe work place at all sites, depot and business units across the country so as to avoid accidents and ill health due to work situation.

We regard occupational health and safety as a fundamental business responsibility and review health and safety matters on a regular basis to ensure that our activities are undertaken in a responsible manner and in accordance with relevant laws and regulations. All categories of staff are trained in occupational health and safety and they are provided with protective equipment while emphasizing their role in conforming to safety standards.

We further recognize that health and safety practice is fundamental to good manufacturing practice. The roll out of our world class manufacturing programme has ensured that our factories are pleasant work places. In addition we are equipped with modern facilities to handle emergencies. We conduct risk assessments to identify significant health and safety related risks which arise from all activities undertaken including periodic reviews to ensure new activities and processes are covered.

The group employs health and safety specialists and promotes on-site medical facilities for employees. The standards of health and safety at work are continually monitored and improved through regular safety audits and risk assessments.

Finally, the group maintains subsidized staff canteen facilities at each of its factories in Aba, Ikorodu and Ilupeju.

Report of the Directors cont'd

For the year ended 31 May 2012

iii. Employee Involvement and Training

The group is committed to keeping employees fully informed as much as possible regarding the group's performance and progress through regular briefings and meetings. Their views are sought wherever practicable on matters which particularly affect them as employees. The group believes that professional and technical expertise of its managers and staff constitute a major asset, and investment in developing such skills continues to receive constant attention.

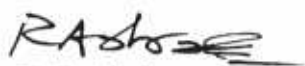
The group's skill-base has been steadily expanding with the range of training provided including short courses and this has broadened the opportunities for career development within the group.

Incentives schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonus and international position under an exchange programme with associated foreign companies.

Independent Auditors

Messrs PricewaterhouseCoopers were re-appointed as independent auditors at the last Annual General Meeting and having indicated their willingness, will continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act. A resolution will be proposed authorizing the directors to fix their remuneration.

BY ORDER OF THE BOARD



R. A. Alade
Company Secretary
Lagos, Nigeria
26 July, 2012



R. A. Alade
Company Secretary

CANOE

Complete Care



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- 
- ✓ Contains Aloe Vera
 - ✓ Gentle on hands
 - ✓ Cleaner, brighter wash
 - ✓ Pleasant fragrance

Canoe is available in **POWDER DETERGENT** and three variants of **WRAPPED SOAPS** for the true complete care your clothes deserve.

PZ
Cussons

CANOE... cares for your clothes

Statement of Directors' Responsibilities

For the year ended 31 May 2012

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. This responsibility includes:

- a. ensuring that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;
- b. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c. preparing the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with Nigerian Statements of Accounting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.



Director

26 July, 2012



Director

26 July, 2012

YO!
Classic Yoghurt
Drink
Naturally for YO!




Nutricima

Report of the Independent Auditors

TO THE MEMBERS OF PZ CUSSONS NIGERIA PLC



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF PZ CUSSONS NIGERIA PLC

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of PZ Cussons Nigeria Plc (the company) and its subsidiaries (together "the group"), which comprise the balance sheets as of 31 May 2012 and the profit and loss accounts and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report of the Independent Auditors cont'd

TO THE MEMBERS OF PZ CUSSONS NIGERIA PLC

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 May 2012 and of their profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and the Companies and Allied Matters Act.

Report on other legal requirements

The companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- iii) the company's balance sheet and profit and loss account are in agreement with the books of account.

PricewaterhouseCoopers

Chartered Accountants
Lagos, Nigeria

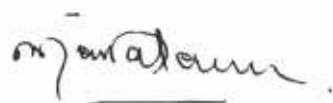


Report of the Audit Committee

TO THE MEMBERS OF PZ CUSSONS NIGERIA PLC

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act, the members of the Audit Committee hereby confirm as follows:

- (a) We have reviewed the scope and planning of the audit for the year ended 31 May 2012 and we confirm that they were adequate.
- (b) The Company's reporting and accounting policies as well as the internal control systems conform with legal requirements and agreed ethical practices.
- (c) We are satisfied with the management's responses to the independent auditors' findings on management matters for the year ended 31 May 2012.



Professor R.I. Salawu

Chairman,
Audit Committee.

26 July, 2012

Members of the Audit Committee

Professor R.I. Salawu (Chairman)	-	Shareholders Representative
Mr. O.I. Obarinde	-	Shareholders Representative
Mr. E.A. Akinduro	-	Shareholders Representative
Mr. B. Oyelola	-	Director
Mr. L. Batagarawa	-	Director
Mrs. O.T. Ifaturoti	-	Director

Statement of significant accounting policies

The following are the significant accounting policies adopted by the Company and the group in the preparation of its financial statements. These policies have been consistently applied to all years presented unless otherwise stated.

1. Basis of Accounting

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigerian Naira (N), rounded to the nearest thousand, and prepared under the historical cost convention as modified by the inclusion of freehold and leasehold properties at professional valuation.

The preparation of the financial statements is in conformity with generally accepted accounting principles which requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2. Basis of Consolidation

The consolidated financial statements include those of the parent company and all its subsidiaries for the year ended 31 May 2012. Subsidiary undertakings are those companies in which the group, directly or indirectly, has an interest of more than one-half of the voting rights or over which the group has power to exercise control. Subsidiary undertakings have been fully consolidated. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated. The accounting policies for the subsidiaries are consistent with the policies adopted by the parent company. The subsidiaries are:

- HPZ Limited
- PZ Power Company Limited
- PZ Tower Limited
- Roberts Pharmaceuticals Limited

3. Fixed Assets

Land and buildings are stated at their professional valuation at 31 May 2004 plus subsequent additions at cost less accumulated depreciation. Other fixed assets are stated at cost less accumulated depreciation. Revaluation of fixed assets is carried out whenever the directors determine that it is required.

4. Depreciation

Depreciation is charged on a straight line basis at annual rates which are expected to write off the cost or re-valued amount of the assets over their anticipated useful lives:

	%
Freehold land	- Nil
Buildings:	
Freehold	- 2
Leasehold - over 50 years	- 2
- under 50 years	- over the period of the lease
Detergent manufacturing tower	- 4
Plant and machinery	- 8
Office equipment, furniture and fittings	- 20
Motor vehicles	- 25
Capital work in progress	- Nil

Capital work in progress represents assets under construction. Accordingly, they are not depreciated until they are completed and put into use.

Minor items of furniture and fittings are not capitalised but expensed on acquisition.

The annual rates are consistent with those of prior years except that of detergent manufacturing tower that was changed from 8% to 4% following a review of the estimated useful live of this asset class by the board.

Statement of significant accounting policies (cont'd)

5. Long term Investments

Investments are stated at cost less provision for diminution in value.

6. Revenue Recognition

Turnover represents the net invoice value of sales less trade promotion cost to customers. Sales of goods are recognised in the period in which the company invoiced products to the customers, and collectability of the related receivables is reasonably assured. Revenue represent the value of the consideration receivables for sales of goods, and it is stated net of value-added tax (VAT), rebates and discounts. Interest income is recognised on a time proportion basis.

7. Distribution Costs

Distribution costs incurred in the activities of joint venture partners (Nutricima Limited, Harefield Industrial Nigeria Limited, PZ Wilmar Ltd. and Coolworld Limited) by the group is cross charged to them and recognised as recoveries in the group selling and distribution expenses.

8. Segment Reporting

The consolidated financial statements is prepared and presented on the basis of business and geographical segment of operation indicated in the notes to the financial statements.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a group of assets and operations engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

9. Debtors

Debtors are stated after deduction of specific provision for any debt considered doubtful of recovery.

10. Stocks and Work-in-Progress

Stocks are stated at the lower of cost and net realisable value after making provision for obsolete and damaged items. In the case of goods manufactured by the group, cost includes materials, direct labour and production overheads. The company does not maintain work-in-progress at year end because production activities are stopped few days before the end of each financial year.

11. Taxation

Income tax expense is the aggregate of the charge to the profit and loss account in respect of income tax, education tax and deferred income tax.

Income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA). Education tax is assessed at 2% of the assessable profits.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using tax rates enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Statement of significant accounting policies (cont'd)

12. Dividends

Dividends are recognised as a liability in the financial statements in the period in which they are approved by shareholders.

13. Foreign Currencies

Transactions in foreign currencies during the year are converted into the functional currency, Nigeria Naira, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

14. Retirement Benefit Scheme

The company operates a contributory staff pension scheme for its staff in accordance with the Pension Reform Act 2004. The company and employees contribute 15% and 10% respectively of the employees' pensionable emoluments.

15. Provisions

Provisions are recognised when the company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



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- First facial cream that uses Moisture Release Technology to adapt to your skin's own moisture level, giving it the exact amount of moisture it needs
- Contains Pure Sea extracts that refresh and revive your skin

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FINANCIALS

FINANCIALS



PROFIT AND LOSS ACCOUNTS

For the year ended 31 May 2012

		The Group		The Company	
	Note	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Turnover	2	72,154,601	65,877,984	72,154,601	65,877,984
Cost of sales		(55,973,334)	(47,425,476)	(62,435,770)	(54,129,454)
Gross profit		16,181,267	18,452,508	9,718,831	11,748,530
Selling and distribution expenses		(8,024,253)	(7,023,803)	(5,631,205)	(4,602,529)
Administrative expenses		(3,338,479)	(3,717,368)	(3,027,865)	(3,174,192)
Other operating income	3	585,266	439,579	780,297	905,261
Operating profit		5,403,801	8,150,916	1,840,058	4,877,070
Interest expenses		(670,216)	(125,650)	(634,424)	(110,519)
Profit before exceptional items & taxation		4,733,585	8,025,266	1,205,634	4,766,551
Exceptional items	4.1	(426,722)	-	(426,722)	-
Profit before taxation	4.2	4,306,863	8,025,266	778,912	4,766,551
Taxation	5.1	(1,768,017)	(2,328,200)	(169,380)	(1,432,314)
Profit after taxation		2,538,846	5,697,066	609,532	3,334,237
Non controlling interest	13	(128,348)	(479,536)	-	-
Profit attributable to members transferred to general reserve	17	2,410,498	5,217,530	609,532	3,334,237
Per share data (Kobo):					
Basic earnings per share	23	61	164	15	105
Adjusted earnings per share	23	61	131	15	84


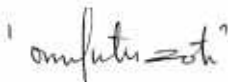
The accounting policies on pages 31 to 33 and other explanatory notes on pages 40 to 51 form part of these financial statements.

BALANCE SHEETS

AS AT 31 MAY 2012

		The Group		The Company	
	Note	2012 N'ooo	2011 N'ooo	2012 N'ooo	2011 N'ooo
Fixed assets	6	24,360,347	25,034,942	18,703,383	19,135,657
Long term investments					
Shares in subsidiaries	7	-	-	526,406	526,406
Current assets					
Stocks	8	22,390,766	17,481,616	14,988,758	11,978,715
Debtors	9	9,680,745	14,851,931	6,455,927	8,865,618
Due from related companies	22	4,831,496	7,435,538	5,565,624	10,968,892
Deposit for letters of credit		620,632	311,333	528,705	48,023
Bank deposits, cash at bank and in hand	19	2,522,811	3,811,169	2,380,306	3,296,493
		40,046,450	43,891,587	29,919,320	35,157,741
Creditors: Amounts falling due within one year					
Trade creditors		1,739,843	2,172,019	1,138,755	1,756,592
Other creditors and accruals	10.1	6,737,234	9,399,479	5,602,425	7,096,354
Due to related companies	22	7,560,808	8,210,338	7,488,989	7,699,587
Taxation	5.2	1,215,065	2,305,423	244,746	1,380,598
		17,252,950	22,087,259	14,474,915	17,933,131
Net current assets		22,793,500	21,804,328	15,444,405	17,224,610
Total assets less current liabilities		47,153,847	46,839,270	34,674,194	36,886,673
Provision for liabilities and charges					
Deferred taxation	12	(4,285,805)	(3,670,536)	(3,457,997)	(3,605,286)
Net assets		<u>42,868,042</u>	<u>43,168,734</u>	<u>31,216,197</u>	<u>33,281,387</u>
Capital and reserves					
Share capital	14	1,985,238	1,588,191	1,985,238	1,588,191
Share premium	15	6,878,269	6,878,269	6,878,269	6,878,269
Revaluation reserve	16	7,514,153	7,514,153	7,514,153	7,514,153
Revenue reserve	17	24,551,457	25,212,728	14,838,537	17,300,774
Shareholders' fund		<u>40,929,117</u>	<u>41,193,341</u>	<u>31,216,197</u>	<u>33,281,387</u>
Non controlling interest	13	1,938,925	1,975,393	-	-
Total equity		<u>42,868,042</u>	<u>43,168,734</u>	<u>31,216,197</u>	<u>33,281,387</u>

The financial statements on pages 36 to 38 were approved by the Board of Directors on 26 July 2012 and signed on its behalf by:

} DIRECTORS

The accounting policies on pages 31 to 33 and other explanatory notes pages on 40 to 51 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 May 2012

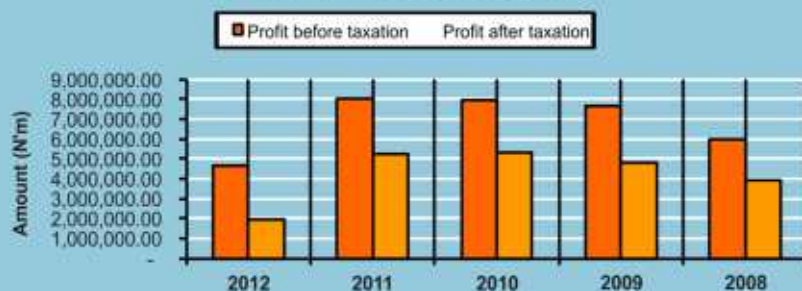


	Note	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Cash flows from operating activities					
Cash generated from operations	18	7,111,431	3,058,810	5,663,383	2,165,807
VAT paid	10.2	(1,659,011)	(1,574,097)	(1,085,083)	(988,614)
Tax paid	5.2	(1,992,698)	(1,905,376)	(1,202,113)	(1,270,839)
Net cash generated from/(used in) operating activities		<u>3,459,722</u>	<u>(420,663)</u>	<u>3,376,187</u>	<u>(93,646)</u>
Cash flows from investing activities					
Purchase of fixed assets	6.1 & 6.2	(1,337,880)	(2,105,091)	(1,053,289)	(2,161,296)
Equity investment in subsidiary	7	-	-	-	(10,000)
Proceeds from sale of fixed assets		<u>156,520</u>	<u>19,473</u>	<u>127,027</u>	<u>15,517</u>
Net cash used in investing activities		<u>(1,181,360)</u>	<u>(2,085,618)</u>	<u>(926,262)</u>	<u>(2,155,779)</u>
Cash flows from financing activities					
Dividend paid by parent company	11	(2,731,688)	(2,731,733)	(2,731,688)	(2,731,733)
Dividend paid to Non-controlling interest	13.1	(164,816)	(127,551)	-	-
Interest expenses		<u>(670,216)</u>	<u>(125,650)</u>	<u>(634,424)</u>	<u>(110,519)</u>
Net cash used in financing activities		<u>(3,566,720)</u>	<u>(2,984,934)</u>	<u>(3,366,112)</u>	<u>(2,842,252)</u>
Net decrease in cash and cash equivalents		<u>(1,288,358)</u>	<u>(5,491,215)</u>	<u>(916,187)</u>	<u>(5,091,677)</u>
Cash and cash equivalents at 1 June		<u>3,811,169</u>	<u>9,302,384</u>	<u>3,296,493</u>	<u>8,388,170</u>
Cash and cash equivalents at 31 May	19	<u><u>2,522,811</u></u>	<u><u>3,811,169</u></u>	<u><u>2,380,306</u></u>	<u><u>3,296,493</u></u>

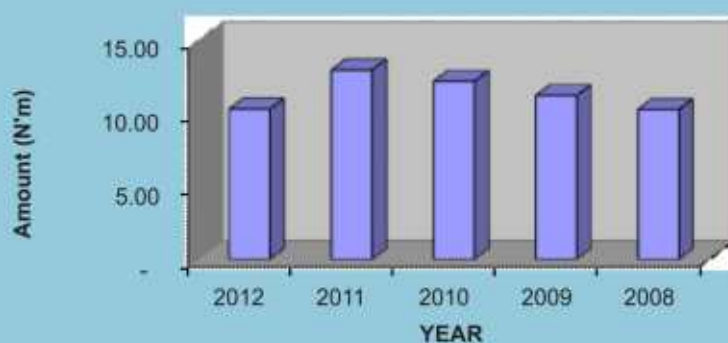
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Performance Indicators

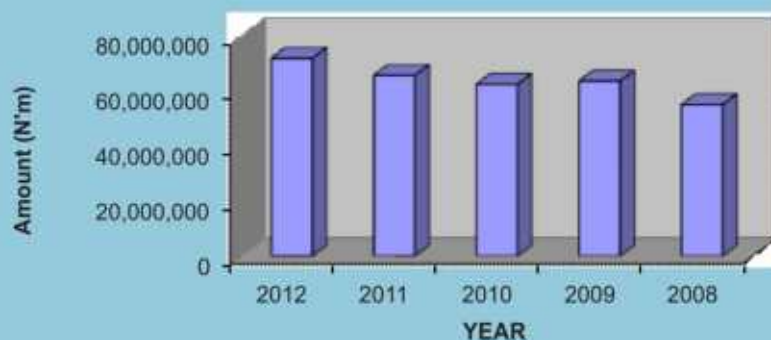
Profit Before/After Tax



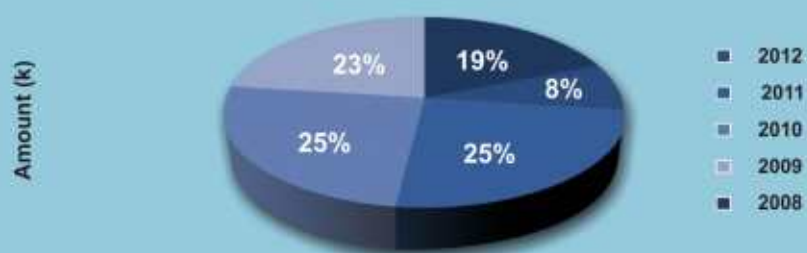
Net Asset per Share



Turnover



Earnings Per Share



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2012

1. THE COMPANY AND THE GROUP

1.1 The Company was incorporated in Nigeria on 4 December 1948 under the name of P.B. Nicholas and Company Limited. Its name was changed to Alagbon Industries Limited in 1953 and to Associated Industries Limited in 1960. The Company became a public company in 1972 and was granted a listing on the Nigerian Stock Exchange. The name was changed to Paterson Zochonis Industries Limited on 24 November 1976 and in compliance with the Companies and Allied Matters Act, it changed its name to Paterson Zochonis Industries Plc on 22 November 1990. On 21 September 2006, the company adopted its present name of PZ Cussons Nigeria Plc. The principal activities of the group are the manufacture, distribution and sale of a wide range of consumer products and home appliances through owned and leased locations/depots as feasible. These products are leading brand names throughout the country in detergent, soap, pharmaceuticals, cosmetics, confectionery, refrigerators, freezers and air-conditioners. The group also distributes the products of Nutricima Limited, Harefield Industrial Nigeria Limited and PZ Wilmar Limited.

PZ Tower Limited commenced trading operations on 1 March 2012. This has enabled the provision of new and innovative detergent products to the Nigeria consumers, while increasing production capacity.

1.2 Consolidation

The group financial statements comprise the financial statements of PZ Cussons Nigeria Plc (the company), HPZ Limited in which the company holds an equity of 74.99%, PZ Power Company Limited in which the company holds 99.9999%, PZ Tower Company Limited in which the company holds 99.9999% and Robert Pharmaceuticals Limited, in which the company holds 99.9999% and currently non-trading. The accounting and year end of the company and its subsidiaries are all made up to 31 May. Inter-company transactions are eliminated in the group accounts.

1.3 Segment report

Turnover by business sector

Branded consumer goods
Durable electrical appliances

Profit before tax by business sector

Branded consumer goods
Durable electrical appliances

Depreciation expense by business sector

Branded consumer goods
Durable electrical appliances

Fixed asset by business sector (NBV)

Branded consumer goods
Durable electrical appliances

Net asset by business sector

Branded consumer goods
Durable electrical appliances

The Group	
2012 N'ooo	2011 N'ooo
50,965,123	44,833,028
21,189,478	21,044,956
<u>72,154,601</u>	<u>65,877,984</u>
2,513,507	5,212,000
1,793,356	2,813,266
<u>4,306,863</u>	<u>8,025,266</u>
1,735,915	1,665,728
104,505	85,263
<u>1,840,420</u>	<u>1,750,991</u>
23,820,638	24,471,549
539,709	563,393
<u>24,360,347</u>	<u>25,034,942</u>
35,115,437	35,270,315
7,752,605	7,898,419
<u>42,868,042</u>	<u>43,168,734</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012

	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
2. TURNOVER				
Turnover Analysed by Geographical location				
Analysis by location:				
Nigeria	70,665,446	64,291,153	70,665,446	64,291,153
Exports	1,489,155	1,586,831	1,489,155	1,586,831
	<u>72,154,601</u>	<u>65,877,984</u>	<u>72,154,601</u>	<u>65,877,984</u>
3. OTHER OPERATING INCOME				
Sales of scrap	-	115,071	-	105,733
Interest income	480,479	229,572	90,524	174,543
Income from subsidiary	-	-	444,766	382,449
Rent received	104,787	94,936	245,007	242,536
	<u>585,266</u>	<u>439,579</u>	<u>780,297</u>	<u>905,261</u>
4. PROFIT BEFORE EXCEPTIONAL ITEM AND TAXATION				

4.1 Exceptional item

During the year, the company carried out restructuring of its supply chain and factory operations to enhance efficiency and cost optimisation. The related staff cost of N426.7million arising from the restructuring is disclosed as exceptional item in the financial statements.

4.2 Profit before taxation

This is stated after charging or (crediting):

	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Depreciation(Note 6.1 and 6.2)	1,840,420	1,750,991	1,335,588	1,444,288
Directors' emoluments (Note 20.2):				
Fees	6,680	5,600	6,680	5,600
Others emoluments	123,957	124,140	123,957	124,140
Interest on loans and overdrafts	670,216	125,650	634,424	110,519
Technical service fee (Note 21)	3,200,212	3,019,067	3,200,212	3,019,067
Gain on exchange	(301,401)	(167,965)	(180,665)	(15,748)
Staff retirement benefits (Note 20.7)	269,876	296,481	269,876	296,481
Auditors' remuneration	22,213	23,155	15,160	15,420

5. TAXATION

5.1 Per profit and loss account

Income tax	780,048	1,854,749	26,803	1,077,405
Education tax	122,292	172,075	39,458	114,546
	<u>902,340</u>	<u>2,026,824</u>	<u>66,261</u>	<u>1,191,951</u>
Deferred tax (Note 12)	865,677	301,376	103,119	240,363
	<u>1,768,017</u>	<u>2,328,200</u>	<u>169,380</u>	<u>1,432,314</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012



5. TAXATION (Cont'd)

5.2 Per balance sheet

At 1 June 2011
Charge for the year
Payment during the year

At 31 May 2012

	2012 N'ooo	2011 N'ooo	2012 N'ooo	2011 N'ooo
At 1 June 2011	2,305,423	2,183,975	1,380,598	1,459,486
Charge for the year	902,340	2,026,824	66,261	1,191,951
Payment during the year	(1,992,698)	(1,905,376)	(1,202,113)	(1,270,839)
At 31 May 2012	<u>1,215,065</u>	<u>2,305,423</u>	<u>244,746</u>	<u>1,380,598</u>

6. FIXED ASSETS

6.1 The Group

	Freehold land and buildings N'ooo	Leasehold land and buildings N'ooo	Detergent tower, plant and machinery N'ooo	Capital work-in- progress N'ooo	Office equipment, furniture and fittings N'ooo	Motor vehicles N'ooo	Total N'ooo
Cost/valuation							
At 1 June 2011	29,048	14,425,470	16,238,156	596,956	1,591,264	1,056,261	33,937,155
Additions	-	-	-	1,337,880	-	-	1,337,880
Reclasifications	-	172,120	844,683	(1,402,709)	183,668	202,238	-
Disposals	-	-	(22,934)	-	(27,050)	(333,662)	(383,646)
At 31 May 2012	29,048	14,597,590	17,059,905	532,127	1,747,882	924,837	34,891,389
Depreciation							
At 1 June 2011	3,993	1,404,944	5,695,482	-	1,044,577	753,217	8,902,213
Charge for the year	581	265,277	1,191,589	-	231,606	151,367	1,840,420
On disposals	-	-	(10,357)	-	(27,022)	(174,212)	(211,591)
At 31 May 2012	4,574	1,670,221	6,876,714	-	1,249,161	730,372	10,531,042
Net book value							
At 31 May 2012	24,474	12,927,369	10,183,191	532,127	498,721	194,465	24,360,347
At 31 May 2011	<u>25,055</u>	<u>13,020,526</u>	<u>10,542,674</u>	<u>596,956</u>	<u>546,687</u>	<u>303,044</u>	<u>25,034,942</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012

6.2 The Company

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Detergent tower, plant and machinery N'000	Capital work-in- progress N'000	Office equipment, furniture and fittings N'000	Motor vehicles N'000	Total N'000
Cost/valuation:							
At 1 June 2011	29,048	12,939,872	11,359,158	467,208	1,389,355	860,238	27,044,879
Additions	-	-	-	1,053,289	-	-	1,053,289
Reclassifications	-	162,165	640,702	(1,146,145)	168,365	174,913	-
Inter group transfers	-	-	-	-	-	3,395	3,395
Disposals	-	-	(22,552)	-	(27,050)	(286,865)	(336,467)
At 31 May 2012	29,048	13,102,037	11,977,308	374,352	1,530,670	751,681	27,765,096
Depreciation:							
At 1 June 2011	3,993	1,379,301	4,911,281	-	989,548	625,099	7,909,222
Charge for the year	581	233,504	785,272	-	199,878	116,353	1,335,588
Inter group transfers	-	-	-	-	-	1,909	1,909
On disposals	-	-	(10,357)	-	(26,660)	(147,989)	(185,006)
At 31 May 2012	4,574	1,612,805	5,686,196	-	1,162,766	595,372	9,061,713
Net book value:							
At 31 May 2012	24,474	11,489,232	6,291,112	374,352	367,904	156,309	18,703,383
At 31 May 2011	25,055	11,560,571	6,447,877	467,208	399,807	235,139	19,135,657

6.3 Land and buildings were professionally valued at 31 May 2004 by Messrs Ora Egbunike & Associates, Estate Surveyors and Valuers on the following bases:

- Factory land and buildings
Existing use basis, being the depreciated replacement cost plus site value.
- Commercial land and buildings
Open market value on the basis of existing use.

The surplus on revaluation of N2,171,703,000 and accumulated depreciation of N822,702,000 were transferred to revaluation reserve. The company no longer revalues its land and building.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012



- 6.4** Commitments for capital expenditure not provided for in these financial statements amounted to:

Authorised and contracted
Authorised but not contracted

2012 N'000	2011 N'000	2012 N'000	2011 N'000
303,298	706,129	296,675	685,411
1,180,653	982,314	989,147	802,144

- 6.5** Included in the value of land and buildings are revalued and purchased properties as follows:

Land held under statutory right of occupancy
Land held under sublease:
- 50 years and above
- under 50 years

29,048	29,048	29,048	29,048
12,824,419	12,652,299	12,516,953	12,354,788
1,773,171	1,773,171	585,084	585,084
14,626,638	14,454,518	13,131,085	12,968,920

- 6.6** The depreciation charge for the year is derived from:
Historical cost
Revaluation

1,686,255	1,596,826	1,181,423	1,290,123
154,165	154,165	154,165	154,165
1,840,420	1,750,991	1,335,588	1,444,288

- 6.7** The depreciation charge for the year is included in:

Cost of sales
Administrative and distribution expenses

1,315,271	1,021,137	908,955	994,462
525,149	729,854	426,633	449,826
1,840,420	1,750,991	1,335,588	1,444,288

7. SHARES IN SUBSIDIARIES AT COST

Subsidiary companies:

HPZ Limited
Roberts Pharmaceuticals Limited
PZ Power Company Limited
PZ Tower Limited

-	-	504,406	504,406
-	-	2,000	2,000
-	-	10,000	10,000
-	-	10,000	10,000
-	-	526,406	526,406

The investments in HPZ Limited, Roberts Pharmaceuticals Limited, PZ Power Company Limited and PZ Tower Limited represent 74.99%, 99.99%, 99.99% and 99.99% of the equities respectively.

Robert Pharmaceutical Limited has since ceased trading but the directors are of the opinion that the values of the company's shares in its subsidiaries are not less than their realisable value at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012



	2012 N'000	2011 N'000	2012 N'000	2011 N'000
8. STOCKS				
Raw materials	12,397,294	9,390,879	10,107,141	6,781,307
Goods in transit	458,605	432,886	151,114	402,671
Finished goods	8,395,920	6,517,374	3,798,720	3,924,993
Spare parts and tools	1,138,947	1,140,477	931,783	869,744
	<u>22,390,766</u>	<u>17,481,616</u>	<u>14,988,758</u>	<u>11,978,715</u>
9. DEBTORS				
Trade debtors	6,684,663	8,059,455	3,982,118	4,501,281
Prepayments	127,317	124,592	86,518	73,135
Other debtors	2,868,765	6,667,884	2,387,291	4,291,202
	<u>9,680,745</u>	<u>14,851,931</u>	<u>6,455,927</u>	<u>8,865,618</u>
10. OTHER CREDITORS AND ACCRUALS				
10.1 Other creditors	4,068,968	5,231,066	3,142,084	4,788,416
VAT payable (Note 10.2)	115,500	217,638	61,501	154,223
Provisions and accruals	1,298,942	2,341,469	1,145,016	544,409
Unclaimed dividend	1,253,824	1,609,306	1,253,824	1,609,306
	<u>6,737,234</u>	<u>9,399,479</u>	<u>5,602,425</u>	<u>7,096,354</u>
10.2 VAT Payable:				
At 1 June	217,638	277,499	154,223	164,423
Deductions in the year	1,556,873	1,514,236	992,361	978,414
Payments during the year	(1,659,011)	(1,574,097)	(1,085,083)	(988,614)
At 31 May (Note 10.1)	<u>115,500</u>	<u>217,638</u>	<u>61,501</u>	<u>154,223</u>
11. DIVIDENDS PAYABLE				
At 1 June				-
Dividend declared (Note 17)	2,731,688	2,731,733	2,731,688	2,731,733
Paid during the year	(2,731,688)	(2,731,733)	(2,731,688)	(2,731,733)
At 31 May	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12. DEFERRED TAXATION				
At 1 June	3,670,536	3,369,160	3,605,286	3,364,923
Profit and loss account (Note 5.1)	865,677	301,376	103,119	240,363
Reclassification	(250,408)	-	(250,408)	2,012
At 31 May	<u>4,285,805</u>	<u>3,670,536</u>	<u>3,457,997</u>	<u>3,605,286</u>

N250 million reclassification represents prior years' accruals now corrected for proper disclosure.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012

The Group

The Company

	2012 N'000	2011 N'000	2012 N'000	2011 N'000
13. NON CONTROLLING INTEREST				
13.1 Movement during the year				
At 1 June	1,975,393	1,623,408	-	-
Share of HPZ profit for the year	128,348	479,536	-	-
HPZ dividend paid	(164,816)	(127,551)	-	-
At 31 May	<u>1,938,925</u>	<u>1,975,393</u>	<u>-</u>	<u>-</u>
13.2 Represented by:				
Interest in HPZ equity	168,225	168,225	-	-
Interest in HPZ retained earnings	<u>1,770,700</u>	<u>1,807,168</u>	<u>-</u>	<u>-</u>
	<u>1,938,925</u>	<u>1,975,393</u>	<u>-</u>	<u>-</u>
14. SHARE CAPITAL				
Ordinary Shares of 50k each:				
14.1 Authorised:				
4,000,000,000 (2011: 3,200,000,000) ordinary shares of 50k each	<u>2,000,000</u>	<u>1,600,000</u>	<u>2,000,000</u>	<u>1,600,000</u>
14.2 Issued and fully paid:				
3,970,477,046 (2011: 3,176,381,636) ordinary shares of 50k each	<u>1,985,238</u>	<u>1,588,191</u>	<u>1,985,238</u>	<u>1,588,191</u>

At the Company's Annual General Meeting held on 15 September 2011, the following resolutions were passed;

i) An increase in the Company's authorised share capital from N1.6billion to N2.0billion by the creation of 800 million ordinary shares of 50k each ranking in all respects pari passu with the existing shares of the Company.

ii) Capitalisation of N397,047,705 from the Company's revenue reserve into 794,095,410 units of ordinary shares of 50k each and be appropriated to members in the proportion of 1 new share for every 4 shares held on 19 August 2011.

15. SHARE PREMIUM				
At 31 May	<u>6,878,269</u>	<u>6,878,269</u>	<u>6,878,269</u>	<u>6,878,269</u>
16. REVALUATION RESERVE				
At 31 May	<u>7,514,153</u>	<u>7,514,153</u>	<u>7,514,153</u>	<u>7,514,153</u>
17. REVENUE RESERVE				
At 1 June	25,212,728	22,726,931	17,300,774	16,698,270
Profit for the year	2,410,498	5,217,530	609,532	3,334,237
Reserve capitalised during the year	(397,048)	-	(397,048)	-
Unclaimed dividend forfeited to the company	56,967	-	56,967	-
Dividend paid (Note 11)	<u>(2,731,688)</u>	<u>(2,731,733)</u>	<u>(2,731,688)</u>	<u>(2,731,733)</u>
At 31 May	<u>24,551,457</u>	<u>25,212,728</u>	<u>14,838,537</u>	<u>17,300,774</u>

17.1 Dividends

In respect of the current year, the directors propose that a dividend of 43 kobo per ordinary share be paid to shareholders. The dividend of N1,707,305,130 is subject to approval by shareholders at the Annual General Meeting after the deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012

The Group

The Company

18. Reconciliation of net income to net cash provided by operating activities

Profit before tax

	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Profit before tax	4,306,863	8,025,266	778,912	4,766,551
Adjustment to reconcile net income to cash provided :				
Depreciation	1,840,420	1,750,991	1,335,588	1,444,288
Intercompany transfer of fixed assets	-	-	(1,486)	4,006,558
Fixed asset written off	-	40,204	-	14,689
Loss/(profit) on disposal of fixed assets	15,535	(2,826)	24,434	(1,040)
Deferred tax reclassification (Note 12)	(250,408)	-	(250,408)	-
Unclaimed dividend forfeited (Note 17)	56,967	-	56,967	-
Interest expenses	670,216	125,650	634,424	110,519
	6,639,593	9,939,285	2,578,431	10,341,565
Changes in assets and liabilities:				
Decrease/(increase) in debtors	5,171,186	(6,345,324)	2,409,691	(774,373)
Increase in deposit for letters of credit	(309,299)	(273,424)	(480,682)	(39,020)
Increase in stocks	(4,909,150)	(2,128,091)	(3,010,043)	(53,115)
Decrease (increase) due from related companies	2,604,042	(6,405,143)	5,403,268	(9,884,333)
(Decrease)/increase in trade creditors	(432,176)	650,433	(617,837)	561,915
Decrease/(increase) in other creditors and accruals	(1,003,235)	5,713,543	(408,847)	3,866,043
(Decrease)/increase in due from related parties	(649,530)	1,907,531	(210,598)	(1,852,875)
Net cash provided by operating activities	7,111,431	3,058,810	5,663,383	2,165,807

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012

The Group

The Company

19. RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Cash at bank and in hand	2,522,811	3,811,169	2,380,306	3,296,493
Bank overdrafts	-	-	-	-
Cash and cash equivalents	2,522,811	3,811,169	2,380,306	3,296,493

20. DIRECTORS AND STAFF REMUNERATION

20.1 Chairman and Directors' emoluments:

	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Chairman	1,280	1,280	1,280	1,280
Other Directors	129,357	128,460	129,357	128,460
	130,637	129,740	130,637	129,740

20.2 As fees

Other emoluments	6,680	5,600	6,680	5,600
	123,957	124,140	123,957	124,140
	130,637	129,740	130,637	129,740

20.3 Number of Directors excluding the Chairman, whose emoluments fell within the following ranges were:

N	N		
15,000,001 - 20,000,000	4	3	3
20,000,001 - 25,000,000	-	2	2
25,000,001 - 30,000,000	-	1	1
30,000,001 - 35,000,000	1	-	-
35,000,001 - 40,000,000	1	-	-
	1	1	1

20.4 Directors with no emoluments

	5	5	5	5
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20.5 Highest paid Director

	N'000	N'000	N'000	N'000
	37,335	30,262	37,335	30,262

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012

20.6 The average number of employees in receipt of emoluments excluding allowances and pension cost within the following ranges were:

N	N
100,000 -	200,000
200,001 -	300,000
300,001 -	400,000
400,001 -	500,000
500,001 -	600,000
600,001 -	700,000
700,001 -	800,000
800,001 -	900,000
900,001 -	1,000,000
1,000,001 -	1,100,000
1,100,001 -	1,200,000
1,200,001 -	1,300,000
1,300,001 -	1,400,000
1,400,001 -	1,500,000
1,500,001 and above	

↔ The Group ↔

Number	Number
2012	2011
22	45
38	75
45	82
31	61
181	227
297	456
778	548
402	356
203	249
148	186
107	129
52	75
43	64
51	64
325	304
<u>2,723</u>	<u>2,921</u>

20.7 The average number of persons employed during the year and the related staff costs were as follows:

Production
Sales and distribution
Administration

Number	Number
2012	2011
1,839	1,934
674	727
210	260
<u>2,723</u>	<u>2,921</u>

The aggregate cost of these employees was
N6,947,662,000 (2011 - N6,707,640,000)

Wages and salaries
Social security and other costs
Pension costs

2012	2011
N'ooo	N'ooo
6,463,758	6,195,368
269,876	296,481
214,028	215,791
<u>6,947,662</u>	<u>6,707,640</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012

21. TECHNICAL SERVICES AGREEMENTS

Amounts payable under the technical services and licensing agreements are based on applicable turnover. The charge in these financial statements amounted to N3,200,212,000 (2011 - N3,019,067,255).

22. RELATED PARTY TRANSACTIONS

During the year, the company traded with its parent company, subsidiary and associated companies in the PZ Cussons Plc group on terms similar to such transactions entered into with third parties.

	2012 N'000	2011 N'000
Purchase of goods and services		
PZ Cussons International Limited	40,491,950	38,848,456
HPZ Limited	21,189,478	21,044,956
PZ Power Company limited	1,174,815	1,220,172
PZ Tower Limited	12,630,025	2,458,294
	<u>75,486,268</u>	<u>63,571,878</u>

At the end of the financial year, the amount due from related companies was N4,831 million and N5,566 million for the group and the company respectively. Also, the amount due to related companies was N7,561 million and N7,489 million for the group and the company respectively. All intercompany balances have been eliminated on consolidation.

23. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit attributable to shareholders by the weighted average number of ordinary shares issued and fully paid at the end of each financial.

Adjusted earnings per share is calculated by dividing profit attributable to shareholders by the weighted average number of ordinary shares issued and fully paid as at 31 May 2012.

	The Group		The Company	
	2012	2011	2012	2011
Profit attributable to shareholders (N'000)	<u>2,410,498</u>	<u>5,217,530</u>	<u>609,532</u>	<u>3,334,237</u>
Weighted average number of shares ('0000)	<u>3,970,477</u>	<u>3,176,382</u>	<u>3,970,477</u>	<u>3,176,382</u>
Basic earnings per share (kobo)	<u>61</u>	<u>164</u>	<u>15</u>	<u>105</u>
Adjusted earnings per share	<u>61</u>	<u>131</u>	<u>15</u>	<u>84</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 May 2012

24. GUARANTEES AND FINANCIAL COMMITMENTS

24.1 Contingent liabilities

There are legal actions against the company and the group pending in various courts of law. According to lawyers acting on behalf of the company and the group, the liabilities arising, if any, are not likely to be significant.

There are no material contingent liabilities as at the end of the year which have not been provided for in the financial statements.

24.2 Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the company and the group's state of affairs, have been taken into account in the preparation of these financial statements.

25. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events which would have had any material effect on the balance sheet as at 31 May 2012.

26. COMPARATIVE FIGURES

Certain prior year's figures have been reclassified in line with current year's presentation for more meaningful comparison.

27. CONDENSED RESULTS OF OPERATIONS OF SUBSIDIARIES AS AT 31 MAY 2012

	HPZ Limited N'ooo	PZ Tower Limited N'ooo	PZ Power Company Limited N'ooo	Roberts Pharmaceuticals Limited N'ooo
Condensed profit and loss account				
Turnover	21,189,478	12,630,025	1,174,815	-
Gross profit	4,269,980	1,602,575	589,881	-
Operating profit	1,818,188	1,600,440	589,881	-
Profit before taxation	1,793,356	1,589,498	589,863	-
Taxation	(1,280,170)	-	(318,468)	-
Profit after taxation	513,186	1,589,498	271,395	-
Condensed financial position				
Current assets	12,285,549	29,813	1,357,823	62,947
Current liabilities	(4,393,232)	(1,863,813)	(181,169)	-
Net assets	7,752,605	1,844,541	2,466,984	-
Condensed cash flows				
Net cash generated from operating activities	26,303	137,923	73,817	-
Net cash generated from/(used in) investing activities	268,914	(115,231)	(69,104)	-
Net cash used in financing activities	(683,832)	(10,942)	(18)	-
Movement in cash and cash equivalents	(388,615)	11,750	4,695	-
Subsidiary financial split				
Cash at bank and in hand	126,061	11,750	4,695	-

STATEMENTS OF VALUE ADDED

For the year ended 31 May 2012

The Group

The Company

	2012 N'000	%	2011 N'000	%	2012 N'000	%	2011 N'000	%
Turnover	72,154,601		65,877,984		72,154,601		65,877,984	
Other operating income	585,266		439,579		780,297		905,261	
Brought-in-materials and services:								
- Imported	(43,647,610)		(35,714,200)		(46,786,883)		(38,601,808)	
- Local	(15,327,096)		(13,993,816)		(17,692,146)		(16,153,134)	
VALUE ADDED	13,765,161	100	16,609,547	100	8,455,869	100	12,028,303	100
APPLIED AS FOLLOWS:								
To pay employees:								
- Salaries, wages and other emoluments	6,947,662	50	6,707,640	40	5,706,945	67	5,706,945	47
To pay government:								
- Income and education taxes	902,340	7	2,026,824	12	66,261	1	1,191,951	10
To pay providers of capital:								
- Bank interest	670,216	5	125,650	1	634,424	8	110,519	1
Retained for replacement of assets and business growth:								
- Deferred taxation	865,677	6	301,376	2	103,119	1	240,363	2
- Non controlling interest	128,348	1	479,536	3	-	-	-	-
- Depreciation	1,840,420	13	1,750,991	11	1,335,588	16	1,444,288	12
- Profit attributable to members	2,410,498	18	5,217,530	31	609,532	7	3,334,237	28
	13,765,161	100	16,609,547	100	8,455,869	100	12,028,303	100

Value added represents the additional wealth which the group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, government, providers of capital and the amount retained for the future creation of more wealth.

GROUP FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 May 2012

	2012 N'000	2011 N'000	2010 N'000	2009 N'000	2008 N'000
ASSETS EMPLOYED					
Fixed assets	24,360,347	25,034,942	24,737,693	21,511,819	18,143,134
Net current assets	22,793,500	21,804,328	18,962,419	18,440,665	18,141,476
	47,153,847	46,839,270	43,700,112	39,952,484	36,284,610
Deferred taxation	(4,285,805)	(3,670,536)	(3,369,160)	(2,812,808)	(2,508,476)
Net Assets	40,868,042	43,168,734	40,330,952	37,139,676	33,776,134
FUNDS EMPLOYED					
Share capital	1,985,238	1,588,191	1,588,191	1,588,191	1,588,191
Share premium	6,878,269	6,878,269	6,878,269	6,878,269	6,878,269
Revaluation reserve	7,514,153	7,514,153	7,514,153	7,514,153	7,594,030
Other reserves	24,551,457	25,212,728	22,726,931	19,584,837	16,653,706
Shareholders' funds	40,929,117	41,193,341	38,707,544	35,565,450	32,714,196
Non controlling interest	(1,938,925)	(1,975,393)	(1,623,408)	(1,574,226)	(1,061,938)
Total equity	42,868,042	43,168,734	40,330,952	37,139,676	33,776,134
TURNOVER AND PROFITS					
Turnover	72,154,601	65,877,984	62,667,910	63,800,733	55,239,418
Profit before taxation	4,733,585	8,025,266	7,951,448	7,671,087	5,980,297
Profit after taxation (attributable to members)	2,410,498	5,217,530	5,301,742	4,818,611	3,950,935
Proposed dividend	1,707,305	2,731,733	2,731,733	2,168,375	1,969,357
PER 50K SHARE DATA (Kobo)					
Earnings per share	61	164	167	152	124
Adjusted earnings per share	61	131	134	121	100
Proposed dividend per share	43	86	86	68	62
Dividend cover	1.41	1.95	1.95	2.22	2.01

Notes: Basic earnings and dividend per share are based on profit after tax and on the number of ordinary shares issued and fully paid at the end of each year.

Adjusted earnings per share represents profit after tax at the end of each year divided by the number of shares issued and fully paid as at 31 May 2012.

Dividend cover (times) is the basic earnings per share divided by dividend per share.

Dividend on these financial statements reflect the actual dividend declared during the year whether recognised in the accounts or not.

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See how white they really are - Just clean, white or Zip white!

Quality White Detergent



Corporate Social Responsibility

**SWASH Projects
in Ebonyi and
Cross Rivers States**



DONATED BY PZ CUSSENS FOUNDATION



**Extension of
PZ Cussons Clinic
BUT, Ota**



**Donation of
Inspirational Youth
Centre, Ibadan**



.....Beyond Social Responsibility

In its four years of active operations, PZ Cussons Foundation has positively changed the lives of various communities around the country. The Foundation has executed 34 projects in 23 locations spreading its tentacles from Lagos, Ibadan, Enugu, Port-Harcourt in the South to Kaduna, Kano, Sokoto and Jos in the North to mention a few. In the last cycle, a number of finished projects were commissioned and handed over to the communities.



**Army Children School
Renovation, Zaria**



**Construction and
Donation of
Administrative Building,
Queens School, Ibadan**



**Donation of Classrooms
and Borehole, Lokoja**



**Product Donation to Dana
Air Crash Ground Victims**



Cussons baby

Cussons Baby Range

Cussons Baby is an international premium brand enriched with Milk and Chamomile for nourishment and soothing effect on baby's tender and delicate skin.

It comes in a range of soap, powder, jelly, lotion, and oil in beautifully designed packaging best suited for Mum's use. Since 1980 it has undergone continuous improvement in line with our innovation drive. During the year the liquid packaging was successfully upgraded and aligned in partnership with our international affiliates.

Cussons Baby Products is dermatologically tested. It is also endorsed by the Paediatric Association of Nigeria.

'Happiest Baby.... Most Reassured Mum'



MORNING FRESH

Nigeria's No.1 dish wash liquid intensified efforts in remaining relevant to her core consumer. This the brand did via various platforms such as radio, press ads and outdoor within key markets. In addition, Morning Fresh launched a novel transit media (vehicle) campaign with focus on key cities. Visibility initiatives were also carried out with point of sale materials. Mothers were not left out as Morning Fresh celebrated Nigerian mothers on their special day (Mothers' day 3rd March 2012) with radio and press campaigns to appreciate them for their unflinching love and training on the importance of cleanliness.



ROBB

Hooray!!! Robb is 50 (1962 – 2012).

Robb engaged with consumers through a number of road show activations that focused on re-establishing its 'best first relief' credentials from symptoms of cold and catarrh and muscular aches and pains. Other activities in the year included the launch of new Robb Menthol Sweets and HOT Robb as the 'official hot balm of the Nigerian Premier League'. The brand will also continue to celebrate its golden jubilee milestone throughout the year.



VENUS



Venus, launched its new premium range of skin care products and supported this with free skin testing activities. The objective of the campaign was to create awareness on the need for consumers to imbibe the right beauty routine by knowing their skin types and importantly, knowing the kind of products to use for their skin. It was executed using the Multi-Dermoscope machine, a revolutionary skin testing machine with the ability to check skin moisture levels, elasticity and pigmentation.

For details on all activities on Venus, please visit our fan page on www.facebook.com/Venusnigeria and please don't forget to click the "Like" button on our fan page. You can also send us an email at: venus@pzcussons.com.



The Team



Free Consultancy



Skin testing in progress



CANOE

Leveraging the strong heritage of Canoe Laundry Soap, PZ Cussons Nigeria recently launched Canoe Complete Care Detergent. It's the only detergent in Nigeria that cares for colours and contains 'Aloe Vera', so it's gentle on the hands.

A series of brand road shows were executed across key cities to drive awareness for both the trade and consumers. NEW Canoe Complete Care combines the cleaning power of detergent with the trusted gentleness of Canoe and is available in convenient and affordable 25g sachets.



Premier Cool Deo Continues to Deliver Top Result on the path to becoming Nigeria's #1 Freshness Soap

Premier Cool Deo is on a path of very strong growth with very impressive results which exceeded its budget in the just concluded year. Factors responsible for this include high consumer acceptance, growing distribution especially in the South West & South East regions; strong consumer education and sampling activities across key cities.



SHARE CAPITAL HISTORY

FOR THE YEAR ENDED 31 MAY 2012

The company was incorporated with an authorised share capital of £40,000 divided into 40,000 ordinary shares £1 each. The company became a public limited liability company and had its shares subdivided into ordinary shares of 50 Kobo each on 19 July, 1972, following which its shares were quoted on the Exchange in the same year.

The following changes has since taken place in the company's authorised capital:

On 27th April 1951 by	£60,000 to	£100,000 in shares of £1
On 30th January 1968 by	£150,000 to	£250,000 in shares of £1
On 14th May 1970 by	£350,000 to	£600,000 in shares of £1
On 9th February 1971 by	£400,000 to	£1,000,000 in shares of £1
<i>(On 19th July 1972 the shares of £1 each ere each sub-divided into 4 shares of 5/-each. At that date the capital of the Company was £1,000,000 divided in 4,000,000 ordinary shares of 5/-each</i>		
On 12th November 1973 by	N500, 000 to	N2, 500,000
On 18th November 1974 by	N500,000 to	N3,000,000
On 8th January, 1976 by	N2,500,000 to	N5,500,000
On 24th November, 1976 by	N2,500,000 to	N5,500,000
On 13th April, 1977 by	N4,000,000 to	N12,000,000
On 17th March, 1978 by	N3,000,000 to	N15,000,000
On 26th November 1980 by	N3,500,000 to	N18,500,000
On 24th November 1981 by	N5,000,000 to	N23,500,000
On 23rd November 1982 by	N5,500,000 to	N29,000,000
On 24th November 1988 by	N11,000,000 to	N40,000,000
On 23rd November 1989 by	N35,000,000 to	N75,000,000
On 22nd November 1990 by	N75,000,000 to	N150,000,000
On 24th November 1994 by	N135,000,000 to	N285,000,000
On 23rd November 1995 by	N265,000,000 to	N550,000,000
On 21st November 1996 by	N300,000,000 to	N850,000,000
On 16th November 2000 by	N150,000,000 to	N1,000,000,000
On 31st October 2002 by	N250,000,000 to	N1,250,000,000
On 21st October 2004 by	N250,000,000 to	N1, 500,000,000
On 20th September 2007 by	N100,000,000 to	N1,600,000,000
On 15th September 2011 by	N400,000,000 to	N2,000,000,000


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Shareholders' Information

Share Certificate Issued		Dividends declared in the last 12 years	
Date Issued	Basis	Year to 31 May	Payment Number
13/11/73	Bonus of 1 for 4		
19/11/74	Bonus of 1 for 5		
06/04/76	1 AIL for 1 PZNL share		
07/02/77	Bonus of 1 for 2		
28/10/77	Public issue for cash		
31/03/78	Bonus of 1 for 4		
23/12/80	Bonus of 1 for 4		
21/12/81	Bonus of 1 for 4		
17/01/83	Bonus of 1 for 4		
16/12/1988	Bonus of 1 for 4		
31/12/90	Bonus of 1 for 4		
31/12/1991	Bonus of 1 for 4	2000	32
28/11/92	Bonus of 1 for 4	2001	33
25/11/93	Bonus of 1 for 4	2002	34
24/11/94	Bonus of 1 for 4	2003	35
23/11/95	Bonus of 1 for 4	2004	36
19/02/97	Bonus of 1 for 4	2005	37
04/09/00	Rights issue for cash	2006	38
25/11/02	Bonus of 1 for 5	2007	39
18/11/04	Bonus of 1 for 4	2008	40
28/03/06	Rights issue for cash	2009	41
20/09/07	Bonus of 1 for 4	2010	42
15/09/11	Bonus of 1 for 4	2011	43

FORFEITURE OF UNCLAIMED DIVIDEND

By section 385 of the Companies and Allied Matters Act, dividends are special debts due to, and recoverable by shareholders within 12 years. Dividend declared up to the year ended 31st May 1998 and payable from 1999 (Dividend Number 30) which remain unclaimed will therefore cease to be recoverable by this year (2012/13). This unclaimed dividend will be credited to General Reserves in 2012/13. The dividend payment and value of unclaimed dividends in this category are as follows:

<u>Dividend Number</u>	<u>Value(N)</u>
Dividend number 30	<u><u>20,657,063</u></u>

Some Major Distributors

ABA DEPOT

MR H. NWACHUKWU
CHIEF G.O. NWALIE
GODDY ENTER NIG. LTD.
SUNNY C. IGWE COS NIG.
G.M. OKAFOR & SONS LTD.
JABNEEL FOODS & COSMET

ABUJA DEPOT

CHINEME OGO NIG. ENT.
AMOS INVESTMENT CO.
MR. DONATUS I. UGWUOKE
FOMI ENTERPRISES
OSARO GBIGBI NIG. LTD.

AKURE DEPOT

YABOLA VENTURES ENT.
GG CO.
O.A. TWINS PHARMACEUTICAL
WABAYO

BENIN DEPOT

INNOCENT IBEZUTE & CO. NIG.
VIN GLOBAL RESOURCE ENT
TONY AIK VENTURES

CALABAR DEPOT

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ALH. AHMADU RUFAL BAUCH

GUSUA DEPOT

ALH. ISAH SAMAILA

IBADAN DEPOT

MRS. BIODUN BOLARINWA
INDAR INT. VENTURES
ADEWALE NIG. ENT.

ILORIN DEPOT

L. A. AJIBOLA (MRS)
TAYO SUCCESS ENTERPRISES

ISOLO DEPOT

AXXESS NIG. STORES
DENCO DRUGS CO. NIG. LTD
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FOLYMA PHARMACY & STORES
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BAYLOGS

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ALH. ALI ADAMU MOHAMADU
ALH. KHALID YUSUF
BRAVO ASSOCIATES
I. A. ADEJUMO & SONS

KADUNA DEPOT

OLADUNNI & SONS ENT.
MORG COMPANY NIG.
ANCHAW GEN. ENT.
FUNMILAYO OGUNTOYE

KANO DEPOT

BALA MAIGISHIRI & SONS
ALH. YUSUF ABDULAH
A. GAMBO TANKO JIBO
G F M ORGANISATION
ALHAJI MOHAMMADU DOGO

LOKOJA DEPOT

JONASCO VENTURE NIG.
DAMAKO GEN. MERCH. NIG.

MAIDUGURI DEPOT

ALH. GARBA KACHALLA
ALH. BULAMA BUKAR
ALH. BUKAR KARAS

MAKURDI DEPOT

E. C. N. ENTERPRISES
ALHAJI SALIHU MUSA
ALH. SALE GARBA

MINNA DEPOT

ALH. ABDULLAI NA ALH MUSA

ONITSHA DEPOT

ONYEBUCHI OJOBOR
MR CYRIL C. AJERO
EMMA NWKO
ROBERT O. AGWARAMGBO

OSHOGBO DEPOT

MRS RISIKATU
BUKUNMI VENTURES
FEMCO FOLA NIG. ENT.
OLUWABUKUNMI

PORT-HARCOURT DEPOT

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MONDAY OSAI
MRS P. O. KONYEHA
MRS TERESA N. OKEKE
MARK EGBUJOR

POTISKUM

ALH. BABAWURO

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ALH. SANUSI S. ZURMI
ALH. ADAMU MAITURARE
IBRAHIM ACHIDA

WARRI DEPOT

MRS MARGARET ODUVWU
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AKUCHI STORES

YOLA DEPOT

C. ASHILY NIGERIA ENT.
ALH. ILU YUNUSA
ALH. SANI HUSSAINI
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Please credit my account at Central Securities Clearing Systems Limited (CSCS) with all subsequent allotments and bonuses due to me from holdings in the companies listed.

Instructions

Please fill the form and return to the address below

The Registrar
First Registrars Nigeria Ltd.
2, Abebe Village road, Iganmu
P.M.B. 12692 Lagos. Nigeria.

Shareholder's Account Information

Last Name	First Name	Other Names
<input type="text"/>		

Address Line 1

City	State
<input type="text"/>	<input type="text"/>

Country	Postal Code
<input type="text"/>	<input type="text"/>

Mobile Telephone	E-Mail Address
<input type="text"/>	<input type="text"/>

Signature	Corporate Stamp/Seal
<input type="text"/>	<input type="text"/>

CSCS Details

Authorised Signature & Stamp of Stockbroker

Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.

Instructions

Only clearing Banks are acceptable

Please complete the form and return to the address below

**The Registrar,
First Registrars Nigeria Ltd.
Abebe Village Road, Iganmu
P.M.B. 12692 Lagos. Nigeria.**

We hereby request that from now on, all my/our dividend warrant(s) due to me/us from my/our holdings PZ Cussons Nigeria Plc be paid directly to my/our bank named below:

Bank Name

Bank Address

Bank Account Number

Shareholder's Account Information

Surname

First Name

Other Names

Address

Country

State

Mobile Telephone

E-mail Address

Signature

Joint/Company's Signatories

Company Seal

Sort Code (Very Important):

Authorised Signature & Stamp of Banker

The Registrar,
First Registrars Nigeria Limited,
Plot 2, Abebe Village Road,
Iganmu,
Lagos, Nigeria

PZ CUSSONS NIGERIA PLC
(RC. 693)

Proxy Form

(Please tear off and complete)

I/We.....

Of.....

Being a member/members of PZ CUSSONS NIGERIA PLC
Hereby appoint*

Of.....

or failing him/her, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the 64th Annual General Meeting of the company to be held at 10.00 a.m. on Thursday, 13 September, 2012 and at any Adjournment thereof.

	Resolution **	For	Against
1.	To receive the report and accounts.		
2.	To declare a dividend.		
3.	To re-elect directors:		
	Mr. D. Petzer		
	Mr. B. Oyelola		
	Mrs O.T. Ifaturoti		
	Mr. L. Batagarawa		
	Mr. M. Hayatu-Deen		
4.	To authorise the directors to fix the remuneration of the auditors.		
5.	To elect members of the audit committee.		
6.	To fix the remuneration of the directors		
<p>** Please indicate with an 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain at his/her discretion.</p>			

As witness my/our hand(s) this.....day of September, 2012

Signed

NOTE:

- (i.) THIS PROXY FORM SHOULD NOT BE COMPLETED AND RETURNED IF THE MEMBER WILL BE ATTENDING THE MEETING
- (ii.) A member entitled to attend and vote at the general meeting is entitled to and may, if he/she wishes, appoint a proxy to act for him/her. All proxy forms must be deposited at the registered office of the company shown overleaf not less than 48 hours before the time for holding the meeting. A proxy need not be a member of the company.
- (iii.) The chairman of the meeting has been printed on the form to ensure that someone will be at the meeting to act as your proxy but if you wish you may appoint anyone else instead, by entering the person's name in the blank space (marked*) above.
- (iv.) In the case of joint shareholders, anyone of such may complete the form but the names of all joint shareholders must be stated.
- (v.) It is a requirement of the law under the Stamp Duties Act, Cap.411 Laws of the Federation of Nigeria, 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be duly stamped by the Commissioner or Stamp Duties.
- (vi.) If the shareholder is a corporation this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.

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The Company Secretary,
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Ilupeju Industrial Estate,
P.M.B. 21132,
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