



**2013**

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



# 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.



# Shareholder's Admission Form

Please admit shareholder.....

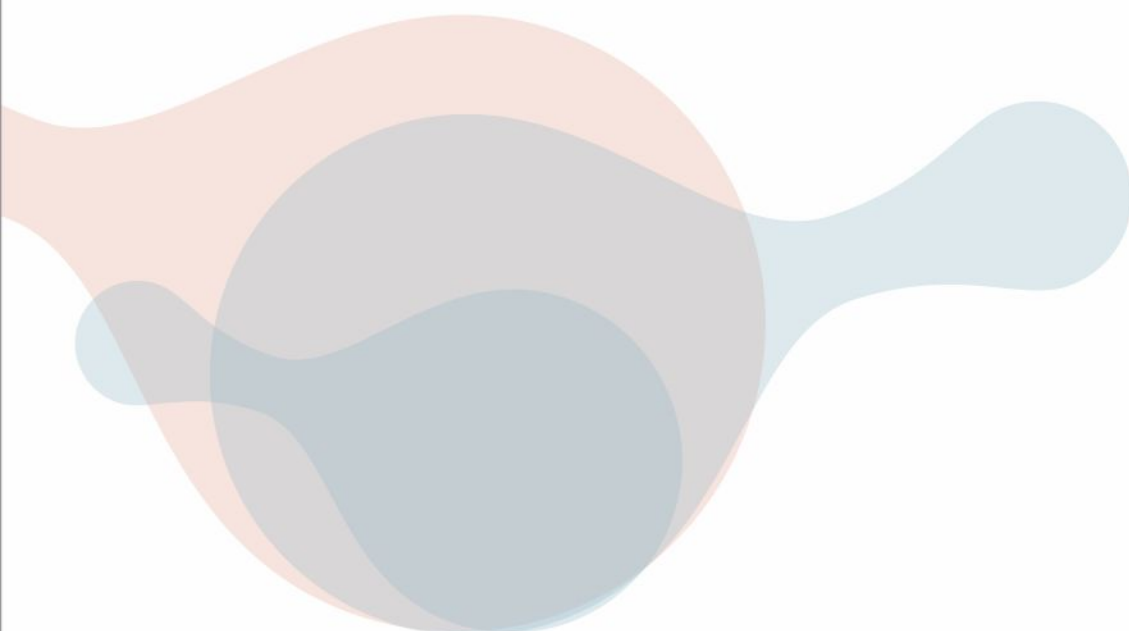
Or in his/her place Mr/Mrs/Miss.....

To represent him/her at the 65th ANNUAL GENERAL MEETING of this Company to be held at 10.00 a.m. on Thursday, 26 September 2013 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.



**R.A. Alade**  
Company Secretary

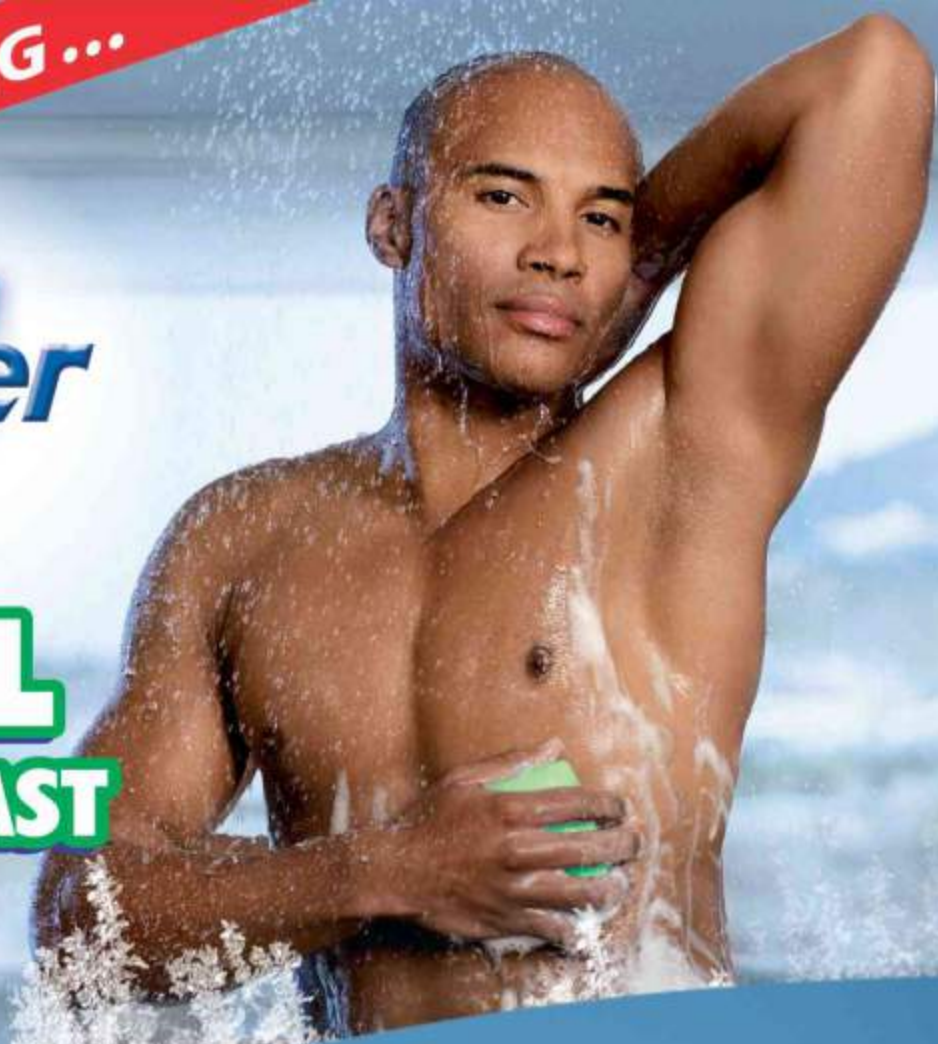




INTRODUCING ...



**COOL**  
**FRESH BLAST**



**IT'S COOL**  
**TO BE COOL**



# Contents

02	Shareholders Admission Form
06	Board of Directors, Officers and other Corporate Information
07	Results at a Glance
09	Notice of Meeting
10	Chairman's Statement
14	Directors Profile
17	Report of the Directors
26	Statement of Directors' Responsibilities
27	Report of the Independent Auditors
29	Report of the Audit Committee
34	Consolidated Statement of Comprehensive Income
35	Consolidated Statement of Financial Position
36	Statement of Changes in Equity
38	Statement of Cash Flows
39	Performance Indicator
40	Notes to the Consolidated Financial Statements
67	Statement of Value Added
68	Five Year Financial Summary - Group
70	Corporate Social Responsibility
73	Share Capital History
75	Shareholders' Information
77	Some Major Distributors



# Casarte

... Art of Home

Haier  
THERMOCOOL

...part of your life

## Italian Design Beyond Fashion

- TFT Technology for Sound & Video Recording (In selected model)
- Multi-Directional Airflow for Rapid & Balanced Cooling
- Deli Compartment to Keep Fruits & Vegetable Fresh Longer preserving their Natural Flavour
- Super Convenient & Stylish Drawers
- Stylish Colours that suit your Home
- LED & Energy Efficient Interior Lighting



45/47, Town Planning Way, Ilupeju Industrial Estate. P.M.B 21132, Ikeja, Lagos.  
Customer Careline: 01-7303333.  
Email: sales@hpz.com.ng

Available in Coolworld Showrooms in VI, Apapa, Marina, Ibadan, Abuja & Kano, and other Leading Electronics Outlets Nationwide



...at your service nationwide



# Board of Directors, Officers and other Corporate Information

**Professor E.C. Edozien, OFR**

**Mr. B. Oyelola**

**Mr. C. Giannopoulos ( Greek)**

**Mr. L. Batagarawa**

**Ms. J. Coker**

**Mrs E. Ebi**

**Mr. A. Goma**

**Mr. M. Hayatu-Deen**

**Mrs. O.T. Ifaturoti**

**Mr. D. Petzer (South African)**

**Mr. A. Raji**

**Mr. P. Usoro, SAN**

**Chairman: Non - Executive**

**Vice Chairman: Non - Executive**

**Managing Director / Chief Executive**

**Independent**

**Executive**

**Independent**

**Executive**

**Independent**

**Executive**

**Executive**

**Executive**

**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 Complex  
P.M.B. 12692  
Lagos.

## **Auditors:**

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

# Results at a Glance

For the year ended 31 May 2013

← The Group →

	2013 N'000	2012 N'000	% Increase/ (decrease)
Revenue	71,343,088	72,154,601	(1)
Operating profit	7,156,292	4,391,813	63
Profit before taxation	7,650,265	4,306,863	78
Taxation	(2,329,078)	(1,768,017)	32
Profit for the year	5,321,187	2,538,846	110
Non controlling interest	446,147	128,348	248
Profit after taxation attributable to members	4,875,040	2,410,498	102
<b>At year end:</b>			
Share capital	1,985,238	1,985,238	
Shareholders' fund	44,116,061	40,929,117	
<b>Per 50k share data:</b>			
Based on 3,970,477,046 (2011: 3,176,381,636) ordinary shares of 50k each:			
<i>Basic earnings per share (Naira)</i>	1.23	0.61	
<i>Adjusted earnings per share (Naira)</i>	1.23	0.61	
<b>Number of employees</b>	2,065	2,723	
<b>Stock exchange quotations in Naira (Company):</b>			
<b>As at 31 May</b>	51.00	23.85	

**NEW**



**Keep your HANDS Germ-free**

**99.9% GERM KILL**



**Hand Hygiene Expert**



# Notice of Meeting

NOTICE IS HEREBY GIVEN that the 65<sup>th</sup> Annual General Meeting of PZ Cussons Nigeria Plc will be held at Transcorp Hilton Hotel, Abuja on Thursday 26 September 2013 at 10.00 am for the following purposes:

## Ordinary business

1. To lay before the members the Report of the Directors, the Consolidated Statement of Financial position of the Company and of the Group as at 31 May 2013 together with the Consolidated Statement of Comprehensive Income for the year ended on that date and the Reports of the Auditors and the Audit Committee thereon.
2. To declare a dividend
3. (a) To re-elect Directors  
(b) To consider a resolution to re-elect Professor E.C. Edozien, OFR, a director retiring by rotation and who has attained the age of 70, special notice having been given to the Company pursuant to section 256 of the Companies and Allied Matters Act, 2004.
4. To authorise the Directors to fix the remuneration of the 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  
FRC /2013/NBA/00000004100  
45/47, Town planning Way  
Ilupeju Industrial Estate  
Lagos  
25 July 2013.

## 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 proxy form is enclosed and if it is to be valid for the meeting, it must be completed and deposited at the Registered office of the company not less than 48 hours before the time of the meeting.

## Dividend Warrants.

If the dividend recommended by the Directors is approved, dividend warrants will be posted on Wednesday 2nd October 2013 to shareholders whose names are on the Register of Members on Friday 13 September 2013.

## Closure of Register

The Register of Members and Transfer Books of the company will be closed from Monday 16 September to Friday 20

September 2013 (Both dates inclusive) for the purpose of updating the register of members.

## Audit Committee

The Audit Committee consists of three representatives of the shareholders and three representatives of the Directors. Any member may nominate a shareholder as a member of the Committee by giving notice in writing of such nomination to reach the Company Secretary at least twenty – one 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 interpret financial statements

## Unclaimed Dividend Warrants and Share Certificates

Shareholders are hereby informed that several dividend warrant and share certificates remain unclaimed. Some dividend warrants have not been presented to the Bank for payment or to the Registrar for revalidation. A list of such members have been circulated with the Annual Report. Affected members are advised to contact the Registrars.

## E- Dividend / Bonus

Pursuant to the directive by Securities and Exchange Commission members are hereby advised to open bank accounts, stock broking accounts and CSCS accounts for the purpose of e-dividend / bonus. Relevant forms are attached to this Annual Report for completion to furnish the particulars of these accounts to the Registrar.

# Chairman's statement

## Distinguished shareholders,

It gives me great pleasure to welcome you to the 65<sup>th</sup> Annual General Meeting of your company and to present to you the Annual Report and Financial Statements as well as undertake a review of the performance of our company for the financial year ended 31 May 2013. As usual, before presenting the financial report, I will provide a brief review of the business environment in order to put the report and the company's performance in proper perspective.

### Business environment

The last financial year was as challenging as the prior years. Although there was a marginal reduction in the local inflationary environment, the social unrest in the Northern part of the country and the impact on the consumers' spending power subsequent to the reduction of the fuel subsidy exerted considerable pressure on the top line throughout the year.

Our focus during the year was to drive shareholder value through management of the cost base, and driving economies of scale from our suppliers through our procurement division. We leveraged our investments in supply chain and manufacturing to improve margins while maintaining the quality of our products.

Although the top line declined by 1% we managed to increase the bottom line (PBT) by 78% when compared to the prior year through the initiatives described above.

We are therefore confident that the decisions and choices made during the last two years have positioned your company well for future profitable growth.

During the period under review, the effect of the Euro crisis on the world economy reduced but there are still hurdles to overcome. The global economy is transitioning into what is likely to be a smoother and less volatile period which is evidenced by the improvements in the global financial markets. However, growth in the developed markets is only expected to be between 1% and 2% which will put pressure on developing economies that rely on consumption increases in the developed world to fuel their own growth. Additionally, the reduction in commodity prices will also impact on resource driven economies.

During the year under review, the local Nigerian economy continued the trend of positive growth. Gross Domestic Product (GDP) has been generally positive over the last two years, averaging 6.5%. Compared to other countries, this is a relatively high growth. However, there remains concern about the flow through of the growth to the private sector and the Nigerian people.

Foreign reserves increased to approximately \$48 billion towards the end of the financial year as a result of the stability and increase in the international price of oil during the course of the year. Oil production eased hovering between 1.8 million and 2.1 million barrels per day from last quarter of 2012 till mid-2013.

The manufacturing sector contributed less than 5% of the GDP and the key constraints continue to be infrastructure including electricity supply and distribution networks. These translate into high conversion costs which means that the local manufacturing facilities are not cost competitive with goods manufactured in other countries.

Inflation had dropped to 10.8% as at May 2013 and the Naira exchange rate to the US Dollar has been very stable between N156 and N157 during the year. Recently, the widening gap between the CBN rate and the parallel market has increased to between N158 and N162. The growth of oil production in the USA and Nigeria's declining production is a cause of concern as we enter the new financial year.

Overall, the economic fundamentals give us reason to be positive about the future for the country and your company's potential to maintain stable profitable growth.



## Chairman's statement cont'd

**Results**

The Fast Moving Consumers Goods (FMCG) sector remained very competitive in our core Personal Care and Home Care segments while there was growth in the white goods portion of the business despite significant international competition. Our drive to move our portfolio from commodity based products to high value branded ones is well on track.

The combination of the above resulted in drop of 1% in the overall turnover from N72.2 billion to N71.3 billion. However, profitability increased with profit before tax growing by 78% from N4.3 billion to N7.7 billion off the back of reduced raw material prices and manufacturing and supply chain efficiencies. In addition, net profit after tax and minority interests increased by 102% from N2.4 billion to N 4.9 billion.

Though the top line 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.

**Dividends**

The Board of Directors is recommending to the shareholders at this Annual General Meeting, a dividend of N2, 223 million representing 56kobo per share. This represents an increase of 30% on the prior year dividend. The dividend will be paid subject to the deduction of withholding tax at the appropriate rate.

**Products**

Our key home and family care brands performed relatively well during the period and continued to gain market share in their respective categories, however, the volume losses in the value for money segment offset these gains.

We extended our leadership of the Toilet soap segment with Premier, Joy and Imperial Leather. Our new Premier range especially Cool Deo is growing rapidly and it is driving our market leadership. We successfully introduced our international brand, Carex antibacterial hand wash liquid into the Nigerian market and established a leading position in the antibacterial hand wash segment. We successfully re-launched Morning Fresh and introduced a zesty lemon variant to drive growth and extend our leadership in the Dish wash category. Our Robb range remained market leader of the medicaments segment with the new Hot Robb variant accelerating our growth in the hot ointment segment. Our range extension

into gift packs with Cussons baby is leading our challenge for leadership of the baby category. Cussons baby soap remains market leader in the baby soap segment. We have re-launched Elephant auto detergent, entering into the premium detergent segment and expanding our portfolio, whilst Zip, our biggest detergent brand consolidates its position as a leading detergent for whiteness.

The white and brown goods achieved modest topline growth in a contracting market over the period under review. This was achieved by utilizing a multi-channel approach that encompasses traditional trade, modern retail and business to business trading. This, combined with strong category plans, innovation and consumer insights driven NPD pipeline, saw growth in the washing machine and freezer segments and the maintenance of our position in the refrigeration segment.

**The Board**

There have been no changes to the board since the issue of the previous financial statements.

**Staff**

The bottom 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



## Chairman's statement cont'd

trying and difficult year. The company continued its investment 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 7th year and is helping the company's succession planning program and future growth.

### Corporate social responsibility

The PZ Cussons Foundation which was founded 7 years ago continued to support community projects in Nigeria during the year under consideration. In addition to the 35 projects delivered in prior years, the Foundation commissioned and completed the following projects during the year:

- Renovation of the Assembly Hall of Queens School, Ilorin, Kwara State.
- Construction of a block of classrooms and borehole in Gadam and Cham in Gombe State.
- Provision of ICT infrastructure in Jigawa State College of Education.
- Provision of a borehole in Asaba, Delta State.

In addition to the above new projects, the Foundation also launched during the year the PZ Cussons CHEMISTRY CHALLENGE, an initiative aimed at stimulating interest of Secondary School students in Chemistry as a critical Science subject. The programme will involve organizing annual competition in the subject among Secondary students in the country.

### The future

In line with the strategic plans and direction in the forthcoming financial year, we are optimistic that we will deliver the targets. The company has continued to invest in strengthening the Supply Chain and improving operational efficiency, to optimize the cost base and improve consumer experience.


The Detergent and Soap manufacturing processes have been further improved to drive efficiencies and meet the increasing demand. These initiatives plus other investments to optimize the Supply Chain and overall overheads will ensure a flexible and competitive cost structure for your company going forward.

### Conclusion

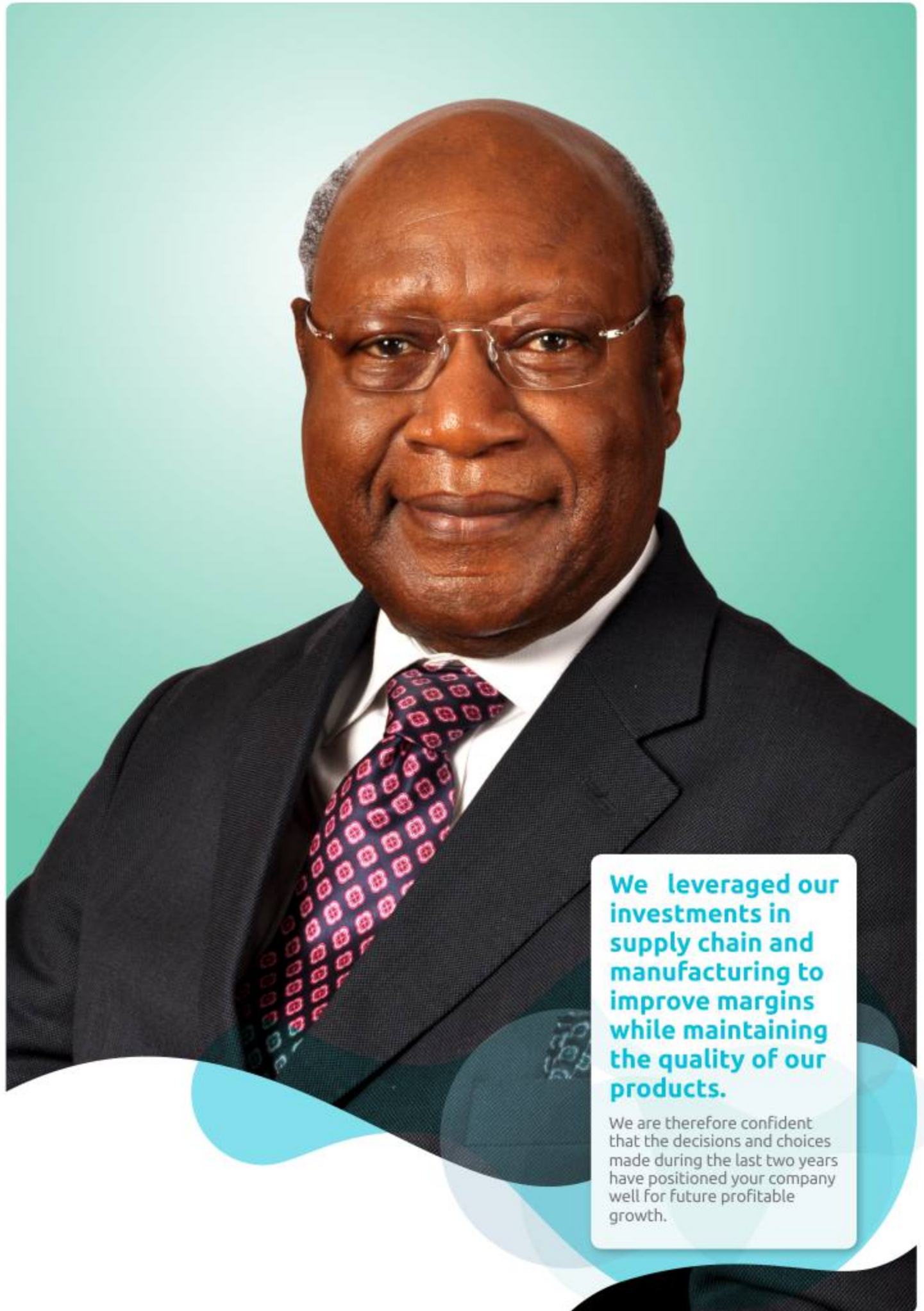
I would like to express my appreciation to the management and staff for their dedication in running the business; our distributors for their unflinching support in promoting our brands; the consumers for their product loyalty and fellow shareholders for their confidence in our company.

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 an improved topline performance in the next financial year.

I thank you all for your kind attention.



**Professor E. C. Edozien, OFR**  
Chairman



**We leveraged our investments in supply chain and manufacturing to improve margins while maintaining the quality of our products.**

We are therefore confident that the decisions and choices made during the last two years have positioned your company well for future profitable growth.



# Directors Profile



## 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, Nigerian Society of Chemical Engineers, member, Nigerian Institute of Management and Vice President, 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 was appointed to the Board in 2004.



## 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, a Permanent Secretary in Kaduna state and between 1999 and 2003 he was Minister for Education and later a Minister for Defence. Between 2003 and 2007 he was the Special Adviser to the President on Intra-Party Relations.



**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.

**Ms. Joyce 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 in July 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 HR Business partner for the Central Africa region.

**Mr. Adewale Raji**

Mr Raji is a Humanities graduate of the University of Jos. He also has a MBA in Marketing. He joined the group over two decades ago during which period he had worked in various sections of the business. He became the 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. 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 communications law expert 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 Board of Airtel Nigeria Limited, Marina Securities Limited and Premium Pensions Limited. He joined the Board in July 2011.

**Mrs. Yomi Ifaturoti**

Mrs Ifaturoti, an alumnus of the University of Ibadan holds a BSc 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 30 years. She was appointed to the Board in 2006 and she is currently the Group Corporate Affairs & Admin Director.

**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 (FMCG) spanning six countries in Africa. Before he joined the Company in 2010 as Commercial Director, he had worked in 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.

**Mr. Mohammed Hayatu-Deen**

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



# I love *yo!*



Contains **35%**  
of recommended  
daily allowance  
of calcium

Do your body good

\*YO! is available in Strawberry, Peach & Passionfruit variants



# Report of the Directors

For the year ended 31 May 2013

## Accounts, Results and Appropriation

The Directors are pleased to present to members the Consolidated Statements of Financial Position as at 31 May 2013 together with the Consolidated Statements of Comprehensive Income for the year ended on that date.

	<b>N'000</b>
<b>Group profit after taxation and non-controlling interest</b>	<b>4,875,040</b>

### Dividend

The Directors are pleased to recommend to the shareholders, the payment of a dividend of N2,223 million (2012: N1,707 Million) that is, 56kobo per share (2012: 43 Kobo per share) to be paid on 2nd October 2013.

### Principal Activities

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

### Directors and their interests

The directors who served during the year and their interest in the shares 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:

### Interest in the ordinary shares of the Company

	<b>2013</b>	<b>2012</b>
Professor E.C. Edozien, OFR	5,290,153	5,290,153
Mr B. Oyelola	244,336	244,336
Mr C. Giannopoulos	Nil	Nil
Mr L. Batagarawa	20,706	20,706
Mrs E. Ebi	100,000	100,000
Ms J.F Coker	Nil	Nil
Mr A. Goma	Nil	Nil
Mr M. Haya tu- Deen	Nil	Nil
Mrs O.T. Ifaturoti	12,245	12,245
Mr D. Petzer	Nil	Nil
Mr A. Raji	163,358	163,358
Mr P. Usoro	1,000,000	1,000,000

There was no change in the above holdings as at 25 July, 2013.

## Report of the Directors cont'd

For the year ended 31 May 2013

In accordance with Section 277 of the Companies and Allied Matters Act, none of the directors has notified the company of any declarable interest in any contract in which he was involved with the company during the year.

### Directors for re-election

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 the length of stay in the office must retire at the Annual General meeting. They may offer themselves for re-election. Accordingly; Professor E. C. Edozien, Mrs. E. Ebi, Mr. P. Usoro, SAN and Ms. J.F.Coker will be retiring at the meeting and, being eligible they have offered themselves for re-election.

### Records of Directors

#### Attendance

In compliance with Section 258 (2) of the Companies and Allied Matters Act the Record of Directors' Attendance at Board Meetings in 2013 will be made available at the Annual General Meeting for inspection by members.

#### Meetings of the Board of Directors

As a rule the Board of Directors meets at least quarterly and additional meetings are convened as required. Also, as allowed by the Company's Articles of Association, material decisions are sometimes taken between meetings by way of written resolutions.

At every quarterly meeting the directors are provided with comprehensive reports of the

activities of the various business units as well as important corporate events. They are also briefed on all business developments between meetings. The Board met five times during the 2013 financial year. The meetings were presided over by the Chairman, and in his absence on one occasion the meeting was presided over by the Vice Chairman. In all cases written notices of meetings, the meeting agenda as well as the reports for consideration were circulated well ahead of the meetings. The minutes of the meetings were appropriately recorded and circulated.



## Report of the Directors cont'd

For the year ended 31 May 2013

### Attendance at Meetings

In line with the Code of Corporate Governance ("the Code") the table below shows the frequency of the Board meetings during the year and members attendance at the meetings:

Director	No. of Meetings held	No. of meetings attended
Professor E.C. Edozien	5	4
Mr B. Oyelola	5	5
Mr C. Giannopoulos	5	4
Mr L. Batagarawa	5	5
Ms J.F. Coker	5	5
Mrs E. Ebi	5	4
Mr A. Goma	5	5
Mr M. Hayatu- Deen	5	3
Mrs O.T Ifaturoti	5	5
Mr D. Petzer	3	3
Mr A. Raji	5	5
Mr P. Usoro, SAN	5	4

Board meetings were held on 13/6/12, 26/7/12, 28/9/12, 14/1/13 and 11/4/13

### Major Shareholdings

According to the Register of members as at 31 May 2013, PZ Cussons (Holdings) Limited UK held 2,770,318,684 shares. This represents 69.77% of the paid-up capital of the Company.

### Analysis of Shareholdings

The shareholding pattern of the company as at 31 May 2013 as advised by the Registrar is as stated below:

Range	Number of holders	Units	Percentage (%)
1 - 1,000	22,648	10,036,666	0.25
1,001 - 5,000	24,036	59,545,399	1.50
5,001 - 10,000	12,144	92,884,940	2.34
10,001 - 50,000	15,253	312,939,164	7.88
50,001 - 100,000	1,279	89,037,112	2.24
100,001 - 500,000	947	184,172,455	4.64
500,001 - 1,000,000	85	57,558,358	1.45
1,000,001 - 5,000,000	89	184,284,163	4.64
5,000,001 - 10,000,000	8	59,686,755	1.51
10,000,001 - 50,000,000	7	150,013,350	3.78
50,000,001 - 3,970,477,046	1	2,770,318,684	69.77
<b>Total</b>	<b>76,497</b>	<b>3,970,477,046</b>	<b>100.00</b>

Apart from PZ Cussons (Holdings) Limited UK, no other shareholder held more than 5% of the paid up capital of the company as at 31 May 2013.

## Report of the Directors cont'd

For the year ended 31 May 2013

### Board Committees

The Board has established Standing Committees whose terms of reference clearly spelt out their roles, responsibilities and scope of authorities. To ensure compliance with the Best Practice in Corporate Governance each Committee is chaired by a Non- Executive Director.

#### 1. Audit Committee

The Committee is established to perform the functions listed in Section 359(5) of the Companies and Allied Matters Act.

The Committee consists of six members made of three representatives of the shareholders elected at the previous Annual General Meeting for a tenure of one year and three representatives of the Board of Directors. The meetings of the Committee were attended by the Head of Internal Control and representatives of PricewaterHouse Coopers , the Company's external auditors.

The following directors served on the Committee during the year :

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

**The table below summarises the attendance at the Committee meetings during the year:**

Name	No. of Meetings held	No. of Meetings attended
Professor R.I. Salawu	3	3
Mr O.I. Obarinde	3	3
Mr E.A. Akinduro	3	3
Mr B. Oyelola	3	3
Mr L. Batagarawa	3	3
Mrs O. T.Ifaturoti	3	3

The Audit Committee meetings were held on 26/7/12, 14/1/13 and 10/4/13

#### 2. Risk Management Committee

The committee has responsibility for:

- Review of the Company's Risk management policies and the adequacy and effectiveness of control
- Review of the Company's compliance level with relevant regulations that may impact the company's risk profile
- Review of the changes in business environment and other factors relevant to the Company's risk profile



## Report of the Directors cont'd

For the year ended 31 May 2013

### The Committee is made up of sev

Mr L. Batagarawa - Chairman

Mr C. Giannopoulos

Mrs E. Ebi

Mr A Goma

Mr B. Oyelola

Mr A. Raji

Mr D. Petzer

The Committee met two times during the financial year. The table below summarises members attendance at the meetings

Name	No. of meetings held	No. of meetings attended
Mr L. Batagarawa	2	2
Mr C. Giannopoulos	2	2
Mr B. Oyelola	2	2
Mrs E. Ebi	2	1
Mr D. Petzer	2	2
Mr A. Goma	2	2
Mr A Raji	2	2

The Risk Management Committee meetings were held on 10/4/13 and 28/5/13

### 3. 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 Committee members are:

Mr M. Hayatu- Deen - Chairman

Mr B. Oyelola

Mr C. Giannopoulos

Mrs O.T. Ifaturoti

Ms J.F. Coker

Mr P. Usoro, SAN

## Report of the Directors cont'd

For the year ended 31 May 2013

The Committee meeting held as shown below:

Name	No. of meetings held	No. of meetings attended
Mr M. Hayatu-Deen	1	1
Mr B. Oyelola	1	1
Mr C. Giannopoulos	1	1
Mrs O.T.Ifaturoti	1	1
Ms J.F. Coker	1	1
Mr P.Usoro, SAN	1	A

The meeting of the committee was held on 9/4/13

Key:

A-Apologies

### Corporate Governance Report

The Board is committed to meeting the standard of best practices set out in the Code. This report describes how the Board has been complying with the Code as well as best practices in corporate governance.

### Board Composition

The Company's Articles of Association provides for a maximum of fifteen directors. During the year there are twelve directors on the board of the Company. Six of them, (including the Chairman and the Vice-Chairman) are Non- Executive Directors.

In line with best practices, the position of the Chairman is distinct from that of the Group Chief Executive Officer. The Chairman is Professor E. C. Edozien, OFR who is Non – Executive Director while the Chief Executive Officer is Mr C. Giannopoulos. Furthermore while the Chairman is responsible for the running of the Board, the Chief Executive Officer is responsible for co-ordinating the running of the business and implementing strategies.

### Independent Directors

In compliance with the Code, four (4) of the six (6) Non- executive

Directors are independent directors having no significant shareholding interest or any special business relationship with the company.



## Report of the Directors cont'd

For the year ended 31 May 2013

### Board Operations

The Board is the ultimate governing body of the company and it is responsible for its overall supervision and the protection of the interest of shareholders and other stakeholders. It ensures that the company is appropriately managed to achieve strategic objectives.

The specific issues reserved for the Board include:

- The ultimate direction of the company particularly the conduct and supervision of the business
- Determination of the Company's organisation
- Risk Management and internal control
- Supervision with respect to compliance with the law
- Corporate Governance matters
- Communication with shareholders
- Review of business performance

The Board has delegated to management the day-to-day running of the business and the Chief Executive Officer who is the head of the Management Team is answerable to the Board.

### Board Appointment and Induction

Directors are appointed to the Board following a declaration of a vacancy at a Board meeting. The curriculum vitae

of suitable candidates are sourced taking into consideration the required skill and competencies. Informal interactions are held and recommendation made to the Board. The appointed director is presented at the next annual general meeting for election. Every newly appointed director receives a letter of appointment spelling out in details the entitlements, terms of reference of the Board and its Committees and the Key Performance Indicators. Furthermore, the Company has developed an Induction and Training programme for newly appointed directors.

### Board Evaluation

The Board has established a system to undertake a formal annual evaluation of its performance, that of its Committees and the individual directors.

### 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 functions of internal audit and control, risk assessment and compliance, conformity and contingency planning, and formalisation and improvement of business process.

### Communication with shareholders

The Board is committed to an open and consistent communication policy with shareholders and other stakeholders. The guiding principle is that all shareholders should be given equal treatment in equal situations. Thus price sensitive information is published timely in full, simple and transparent format to all shareholders at the same time.

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 Dealings

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

## Report of the Directors cont'd

For the year ended 31 May 2013

### E- Dividend

The Company consistently encourages its shareholders to embrace the e-dividend and e-bonus introduced in the capital market. This is to enable prompt crediting of shareholders account with dividend and their CSCS account with bonus shares. This will also eliminate the cost of posting dividend warrants and share certificate as well as the risk of being lost in the post.

### Fixed Assets

Movement in fixed assets during the year are shown in note 4 on pages 51-52. 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 25 distribution depots across the country with over 1000 distributors. The group also obtains its requirements from both local and overseas suppliers. The principal overseas suppliers are associated companies in the PZ Cussons group. The major local suppliers include its subsidiaries- PZ Power Limited, PZ Tower Limited and HPZ Limited. The transactions are carried out at arm's length.

### Research and Development

The group research and development efforts, supported through licensing and technical services agreement with overseas

associated companies in the PZ Cussons group are designed to ensure a constant programme of product improvement and new product introduction.

### Employment and Employees

#### 1. Employment of disabled persons

The group 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.

#### 2. Health Safety and welfare

The group recognises the health and safety of its employees, customers, contractors and other stakeholders as a top priority and form an integral part of its business activities. We are committed to maintaining a safe working place at all times and in all sites, depots and business units across the country so as to avoid accidents and ill health due to work situation. We recognise that health and safety is fundamental to good manufacturing practice. The roll out of our world-class manufacturing programme has ensured that our factories are pleasant work places.

#### 3. Employee involvement in training.

The group is committed to keeping employees informed regarding the group's performance and progress through regular briefings and meetings. Their views are sought wherever practicable on matters which affect them as employees. The group believes that professional and technical expertise of its managers constitutes a major asset, and investment in developing such skills continues to receive attention. The group's skill base has been steadily expanding with the range of training provided for career development within the group.



## Report of the Directors cont'd

For the year ended 31 May 2013

### Compliance Statement

The Directors confirm that the company has complied with the 2011 Code of Corporate Governance for public companies in Nigeria with the exception of Code 4.3 which requires that majority of the Board members should be Non- Executive Directors.

### Independent Auditors

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

BY ORDER OF THE BOARD



R. A. Alade  
Company Secretary  
FRC/2013/NBA/00000004100  
Lagos, Nigeria  
25 July, 2013



**R. A. Alade**  
Company Secretary

# Statement of Directors' Responsibilities

For the year ended 31 May 2013

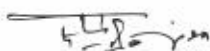
The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. This responsibility includes:

- 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 International Financial Reporting 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.



---

**Prof E. C. Edozien, OFR**  
Chairman  
25 July 2013



---

**Mr C. Giannopoulos**  
Chief Executive Officer  
25 July 2013  
FRC/2013/IODN/00000004206



# Report of the Independent Auditors



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

### Report on the financial statements

We have audited the accompanying financial statements of PZ Cussons Nigeria Plc (the company) and its subsidiaries (together, the group). These financial statements comprise the statement of financial position as at 31 May 2013 and the statements of comprehensive income, changes in equity and 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 International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the directors determine is 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 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 entity'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.

## Report of the Independent Auditors cont'd

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

### *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 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria 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) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statements of financial position and comprehensive income are in agreement with the books of account.

PricewaterhouseCoopers

Chartered Accountants  
Lagos, Nigeria  
FRC/2013/ICAN/0000000647



14 August 2013

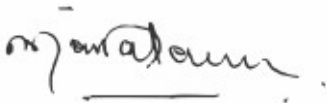


# Report of the Audit Committee

## 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 2013 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 2013.



**Professor R.I Salawu**  
Chairman  
Audit Committee  
23 July 2013

## 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

## Can Do people

As one of our strategic pillars, our team of CAN DO people embodies the core values that are firmly embedded in our culture and are integral to our success. It is this CAN DO culture that we believe is the unifying strength that binds together our diverse businesses around the world.



We work with people who share our unique CAN DO values. Our CAN DO culture is the unifying strength that binds together our diverse businesses around the world. We are responsible, demanding and have a sense of fun.

Our **CAN DO!** values are...

C

### Courage

We challenge convention, ourselves and each other. We have the strength, willingness and determination to initiate, make things happen and to carry them through.

A

### Accountability

We are all champions of our company. We take personal responsibility for achieving our objectives. We do what we say we shall do. We do what is right, not merely what is expected. We act with openness, integrity and trust. We ask for help, admit to our mistakes and put things right.

N

### Networking

We are one company across all functions and geographies. We work towards a common goal through co-operation and teamwork.

D

### Drive

We are relentless in our pursuit of success. Together we approach each day with the energy, passion and persistence to exceed expectations.

O

### Oneness

We are all PZ Cussons people. We treat each other with respect regardless of status. We act professionally and together we celebrate our success with understated pride. We are quiet achievers.



**From oily Grease To Squeaky Clean**

**NEW  
Handy Pack**



**New Zesty  
Lemon**

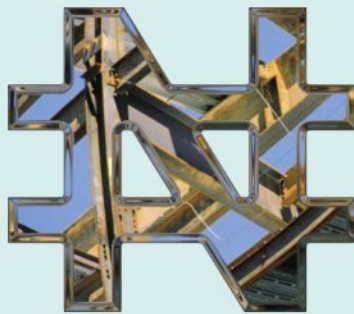


- ✓ Removes grease and oil easily
- ✓ Leaves plates squeaky clean
- ✓ Refreshing fragrance



**Every drop cleans so much more...**

# Financials



## PZ Cussons Nigeria Plc

### Consolidated statement of comprehensive income

#### For the year ended 31 May 2013

	Notes	Group		Company	
		2013 N'000	2012 N'000	2013 N'000	2012 N'000
<b>Continuing operations</b>					
Revenue	16	71,343,088	72,154,601	71,343,088	72,154,601
Cost of sales		(52,246,080)	(56,400,056)	(58,504,029)	(62,862,492)
<b>Gross profit</b>		<b>19,097,008</b>	<b>15,754,545</b>	<b>12,839,059</b>	<b>9,292,109</b>
Selling and distribution costs		(7,351,854)	(8,024,253)	(5,321,189)	(5,631,205)
Administrative expenses		(4,588,862)	(3,338,479)	(4,109,852)	(3,027,865)
<b>Operating profit</b>		<b>7,156,292</b>	<b>4,391,813</b>	<b>3,408,018</b>	<b>633,039</b>
Other income		264,442	104,787	541,668	689,773
Interest income		447,266	480,479	88,897	90,524
Interest cost		(217,735)	(670,216)	(470,962)	(634,424)
Net finance income/(cost)		229,531	(189,737)	(382,065)	(543,900)
<b>Profit before taxation</b>		<b>7,650,265</b>	<b>4,306,863</b>	<b>3,567,621</b>	<b>778,912</b>
Taxation	14	(2,329,078)	(1,768,017)	(1,346,174)	(169,380)
<b>Profit for the year</b>		<b>5,321,187</b>	<b>2,538,846</b>	<b>2,221,447</b>	<b>609,532</b>
<b>Total comprehensive income for the year</b>		<b>5,321,187</b>	<b>2,538,846</b>	<b>2,221,447</b>	<b>609,532</b>
<b>Total comprehensive income for the year</b>					
<b>Attributable to:</b>					
Equity holders of the parent company		4,875,040	2,410,498	2,221,447	609,532
Non controlling interest		446,147	128,348	-	-
		<b>5,321,187</b>	<b>2,538,846</b>	<b>2,221,447</b>	<b>609,532</b>
Basic and diluted EPS (Naira)	18	1.23	0.61	0.56	0.15

The notes on pages 40 to 66 are an integral part of these financial statements



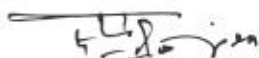
## PZ Cussons Nigeria Plc

### Consolidated statement of financial position

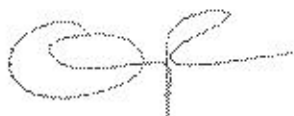
#### At 31 May 2013

	Notes	Group			Company		
		31 May 2013 N'000	31 May 2012 N'000	1 June 2011 N'000	31 May 2013 N'000	31 May 2012 N'000	1 June 2011 N'000
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	4	24,370,445	24,360,347	25,034,942	18,607,026	18,703,383	19,135,657
Investments in subsidiaries	5	-	-	-	526,406	526,406	526,406
		24,370,445	24,360,347	25,034,942	19,133,432	19,229,789	19,662,063
<b>Current assets</b>							
Inventories	6	18,021,346	22,390,766	17,481,616	11,302,271	14,988,758	11,978,715
Trade and other receivables	7	20,494,410	14,512,241	22,287,469	15,122,085	12,021,551	19,834,510
Deposits for letters of credit	8	538,492	620,632	311,333	523,660	528,705	48,023
Cash and cash equivalents	9	8,871,727	2,522,811	3,811,169	4,162,406	2,380,306	3,296,493
		47,925,975	40,046,450	43,891,587	31,110,422	29,919,320	35,157,741
<b>Total assets</b>		<b>72,296,420</b>	<b>64,406,797</b>	<b>68,926,529</b>	<b>50,243,854</b>	<b>49,149,109</b>	<b>54,819,804</b>
<b>Equity</b>							
Ordinary share capital	10	1,985,238	1,985,238	1,588,191	1,985,238	1,985,238	1,588,191
Share premium		6,878,269	6,878,269	6,878,269	6,878,269	6,878,269	6,878,269
Retained earnings		35,252,554	32,065,610	32,726,881	22,886,041	22,352,690	24,814,927
Equity attributable to equity holders of the company		44,116,061	40,929,117	41,193,341	31,749,548	31,216,197	33,281,387
Non controlling interest		2,320,796	1,938,925	1,975,393	-	-	-
<b>Total equity</b>		<b>46,436,857</b>	<b>42,868,042</b>	<b>43,168,734</b>	<b>31,749,548</b>	<b>31,216,197</b>	<b>33,281,387</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Deferred taxation	11	4,283,021	4,285,804	3,420,128	3,421,827	3,457,997	3,354,878
Provisions	12	179,455	140,577	153,764	-	-	-
		4,462,476	4,426,381	3,573,892	3,421,827	3,457,997	3,354,878
<b>Current liabilities</b>							
Trade and other payables	13	18,892,973	15,847,125	19,817,932	13,621,473	14,230,169	16,802,941
Current taxation payable	14	2,409,806	1,215,066	2,305,423	1,451,006	244,746	1,380,598
Provisions	12	94,308	50,183	60,548	-	-	-
		21,397,087	17,112,374	22,183,903	15,072,479	14,474,915	18,183,539
<b>Total liabilities</b>		<b>25,859,563</b>	<b>21,538,755</b>	<b>25,757,795</b>	<b>18,494,306</b>	<b>17,932,912</b>	<b>21,538,417</b>
<b>Total equity and liabilities</b>		<b>72,296,420</b>	<b>64,406,797</b>	<b>68,926,529</b>	<b>50,243,854</b>	<b>49,149,109</b>	<b>54,819,804</b>

The financial statements on pages 36 to 66 were approved by the board of directors on 25 July 2013 and signed on its behalf by:



Professor E.C. Edozien, OFR - Chairman



Mr. C. Giannopoulos - Chief Executive Officer  
FRC/2013/IODN/00000004206

The notes on pages 40 to 66 are an integral part of these financial statements

## PZ Cussons Nigeria Plc

### Statement of changes in equity

### For the year ended 31 May 2013

	Group Attributable to owners of the company				
	Share capital N'000	Share premium N'000	Retained earnings N'000	Non controlling interest N'000	Total N'000
At 1 June 2011	1,588,191	6,878,269	32,726,881	1,975,393	43,168,734
Profit for the year	-	-	2,410,498	128,348	2,538,846
Total comprehensive income for the year	-	-	2,410,498	128,348	2,538,846
Transactions with owners:					
Dividend paid relating to year ended 31 May 2011	-	-	(2,731,688)	(164,816)	(2,896,504)
Reserve capitlised during the year	397,047	-	(397,047)	-	-
Unclaimed dividend forfeited	-	-	56,966	-	56,966
Total transactions with owners	397,047	-	(3,071,769)	(164,816)	(2,839,538)
<b>At 31 May 2012</b>	<b>1,985,238</b>	<b>6,878,269</b>	<b>32,065,610</b>	<b>1,938,925</b>	<b>42,868,042</b>
At 1 June 2012	1,985,238	6,878,269	32,065,610	1,938,925	42,868,042
Profit for the year	-	-	4,875,040	446,147	5,321,187
Total comprehensive income for the year	-	-	4,875,040	446,147	5,321,187
Transactions with owners:					
Dividend paid relating to year ended 31 May 2012	-	-	(1,707,305)	(64,276)	(1,771,581)
Unclaimed dividend forfeited	-	-	19,209	-	19,209
Total transactions with owners	-	-	(1,688,096)	(64,276)	(1,752,372)
<b>At 31 May 2013</b>	<b>1,985,238</b>	<b>6,878,269</b>	<b>35,252,554</b>	<b>2,320,796</b>	<b>46,436,857</b>

## PZ Cussons Nigeria Plc

### Statement of changes in equity

### For the year ended 31 May 2013

	Company Attributable to owners of the company			
	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 June 2011	1,588,191	6,878,269	24,814,927	33,281,387
Profit for the year	-	-	609,532	609,532
Total comprehensive income for the year	-	-	609,532	609,532
Transactions with owners:				
Dividend paid relating to year ended 31 May 2011	-	-	(2,731,688)	(2,731,688)
Reserve capitalised during the year	397,047	-	(397,047)	-
Unclaimed Dividend forfeited	-	-	56,966	56,966
Total transactions with owners	397,047	-	(3,071,769)	(2,674,722)
<b>At 31 May 2012</b>	<b>1,985,238</b>	<b>6,878,269</b>	<b>22,352,690</b>	<b>31,216,197</b>
At 1 June 2012	1,985,238	6,878,269	22,352,690	31,216,197
Profit for the year	-	-	2,221,447	2,221,447
Total comprehensive income for the year	-	-	2,221,447	2,221,447
Transactions with owners:				
Dividend paid relating to year ended 31 May 2012	-	-	(1,707,305)	(1,707,305)
Unclaimed Dividend forfeited	-	-	19,209	19,209
Total transactions with owners	-	-	(1,688,096)	(1,688,096)
<b>At 31 May 2013</b>	<b>1,985,238</b>	<b>6,878,269</b>	<b>22,886,041</b>	<b>31,749,548</b>

The notes on pages 40 to 66 are an integral part of these financial statements



## PZ Cussons Nigeria Plc

### Statement of cash flows

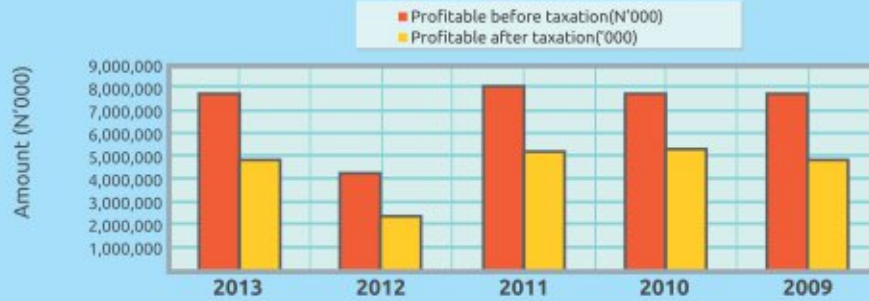
### For the year ended 31 May 2013

	Notes	Group		Company	
		2013 N'000	2012 N'000	2013 N'000	2012 N'000
<b>Cash flows from operating activities</b>	19	10,875,837	4,971,941	5,293,682	4,487,776
Tax paid	14	(1,137,120)	(1,992,698)	(176,084)	(1,202,113)
<b>Net cash generated from operating activities</b>		<b>9,738,717</b>	<b>2,979,243</b>	<b>5,117,598</b>	<b>3,285,663</b>
<b>Cash flows from investing activities</b>					
Purchase of fixed assets	4	(1,854,568)	(1,337,880)	(1,250,090)	(1,053,289)
Proceeds from sale of fixed assets		6,817	156,520	3,962	127,027
Interest income		447,266	480,479	88,897	90,524
<b>Net cash used in investing activities</b>		<b>(1,400,485)</b>	<b>(700,881)</b>	<b>(1,157,231)</b>	<b>(835,738)</b>
Dividend paid to equity holders of parent		(1,707,305)	(2,731,688)	(1,707,305)	(2,731,688)
Dividend paid to non-controlling interest		(64,276)	(164,816)	-	-
Interest expense		(217,735)	(670,216)	(470,962)	(634,424)
<b>Net cash used in financing activities</b>		<b>(1,989,316)</b>	<b>(3,566,720)</b>	<b>(2,178,267)</b>	<b>(3,366,112)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,348,916</b>	<b>(1,288,358)</b>	<b>1,782,100</b>	<b>(916,187)</b>
<b>Cash and cash equivalents at 1 June</b>		<b>2,522,811</b>	<b>3,811,169</b>	<b>2,380,306</b>	<b>3,296,493</b>
<b>Cash and cash equivalents at 31 May</b>	9	<b>8,871,727</b>	<b>2,522,811</b>	<b>4,162,406</b>	<b>2,380,306</b>

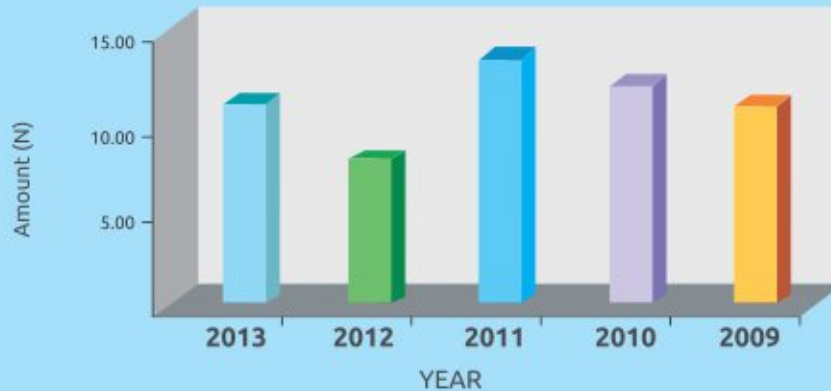
The notes on pages 40 to 66 are an integral part of these financial statements

## Performance Indicators

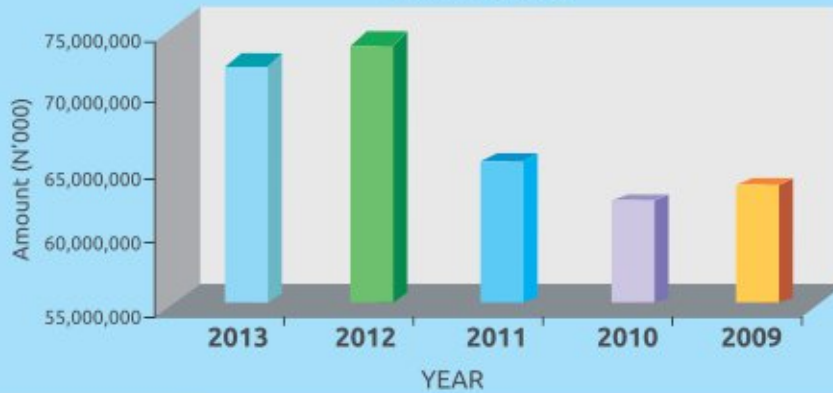
**Profit Before/After Tax**



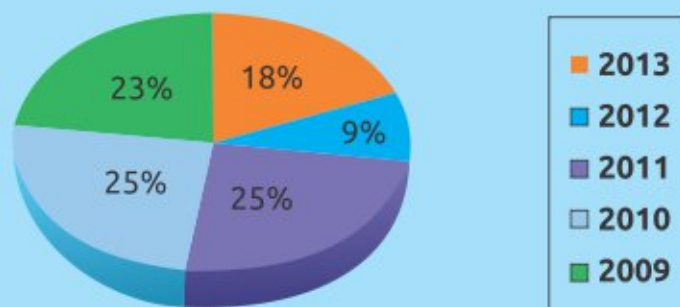
**Net Asset per Share**



**Turnover (N'000)**



**Earnings Per Share (N)**



## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### 1. General information

##### The Group

PZ Cussons Nigeria Plc is a company incorporated in Nigeria on 4 December 1948 under the name of P.B. Nicholas and company Limited. The 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 depots. These products are leading brand names throughout the country in detergent, soap, pharmaceuticals, cosmetics, confectionery, refrigerators, freezers and air-conditioners. The group also distributes milk products of Nutricima Limited and products of Harefield Industrial Nigeria Limited.

The address of the registered office is 45/47 Town Planning Way, Ilupeju, Lagos.

These financial statements are presented in Nigerian Naira which is the functional currency of the primary economic environment in which the Group operates. The

financial statements have been rounded to the nearest thousands.

#### 2. Summary of significant accounting policies of the company and the group.

##### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Further standards may be issued by the International Accounting Standards Board (IASB) and standards currently in issue may be subject to interpretations issued by the IFRIC.

The preparation of financial statements in conformity with generally accepted accounting principles under IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements have been prepared on a historical cost basis and the accounting policies set out below have been consistently applied to all the years presented. These are the first set of the group and company IFRS financial statements.

##### 2.1.2 Standards and interpretations

New standards, amendments and interpretations issued but not effective as at 1st June 2012 and not early adopted: IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.



**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**Summary of significant accounting policies of the company and the group (continued)**

IFRS 10, Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 not later than the accounting period beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-statement of financial position vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 not later than the accounting period beginning on or after 1 January 2013.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 not later than the accounting period beginning on or after 1 January 2012. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

**2.2 Basis of consolidation**  
The consolidated 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, a wholly owned subsidiary which is currently non-trading. The accounting year end of the company and its subsidiaries are all made up to 31 May. Inter-company transactions are eliminated in the group accounts.

Control is achieved where the company has the power to govern the financial and operating policies of an investee entity, generally accompanying a shareholding of more than one half of the voting rights, so as to obtain economic benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether PZ Cussons Nigeria Plc controls another entity.

Investments in subsidiaries are accounted for at cost less impairment. Each subsidiary applies the same accounting policies as the parent company. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's

proportionate share of the recognised amounts of acquiree's identifiable net asset.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

**2.3 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.



**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**Summary of significant accounting policies of the company and the group (continued)**

**2.4 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes but including interest receivable on sales on extended credit. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Sales of goods are recognised when title has passed and the significant risks and rewards of ownership have been transferred.

The group manufactures and sells a range of consumer products and electrical products in the wholesale market.

Sales of goods are recognised when a group entity has despatched products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped from the local group depot, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Interest is recognised using the effective interest method.

**2.5 Leases**

*Operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**2.6 Foreign currencies**

**2.6.1 Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Nigerian Naira' (N).

**2.6.2 Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.



**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**Summary of significant accounting policies of the company and the group (continued)**

**2.7 Finance income and expense**

Finance income and expense are recognised in the income statement in the period in which they are earned or incurred.

**2.8 Employee benefits**

**2.8.1 Gratuity scheme**

PZ Cussons Nigeria Plc gratuity scheme is a short-term employee benefit that is computed based on the agreement between PZ Cussons Nigeria Plc and Staff of PZ Cussons Nigeria Plc dated 31 December 2006.

The scheme expense is computed on a monthly basis based on the length of service of the employee and the gross pay of the employee for the year under consideration. The scheme is funded directly using the company's cash flow and expensed to the income statement appropriately.

The PZ Cussons Nigerian Plc gratuity scheme runs from January to December of each year and are paid in the month of February of the subsequent year. The gratuity scheme obligation at the end of each year relates to gratuity award for January to May that are due to be paid to staff but unpaid as at year end.

The scheme is only applicable for staff engaged before 1 January 2007 hence, all staff employed subsequently are not covered by the scheme.

**2.8.2 Defined contribution scheme**

The group operates a defined contribution plan. The defined contribution plan pays a fixed contribution into a separate entity. Hence, the group has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient asset to pay all the employees the benefits relating to employees'

service in the current and prior period.

The contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. The group and employees each contribute 15% and 10% respectively.

**2.8.3 Profit-sharing and bonus plans**

The group recognises a liability and expense for bonuses and profit-sharing based on the formula that takes into consideration the group's objectives (net sales, operating contribution %, net working capital %). The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**2.9 Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to cost of production are deferred in the statement of financial position and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

**2.10 Current and deferred income tax**

The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**Summary of significant accounting policies of the company and the group (continued)**

**Current and deferred income tax (continued)**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial

recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates

that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax liabilities on a net basis.

**2.11 Property, plant and equipment**

All property, plant and equipment are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and impairment losses. Land and buildings comprise mainly of factories and offices. Historical cost includes purchase costs, expenditure that is directly attributable to the acquisition of the items and the estimate of the cost of decommissioning (dismantling, removing the asset and restoring the site).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company or the group and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives as follows:

Freehold land	Nil
Freehold Buildings	2%
Leasehold buildings	2%
- Over 50 years	2%
- Under 50 years	Over the lease period
Plant and machinery	4-8%
Motor vehicles	25%
Computer/IT equipments	33.3%
Office furniture and fittings	20%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date. 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 of depreciation are consistent with those of priors except that of the detergent tower that was changed from 8% to 4% following review of the estimated useful life of this asset class by the board.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement for the period.



**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**Summary of significant accounting policies of the company and the group (continued)**

**2.12 Research and development**

Internal research costs are charged to profit or loss in the year in which they are incurred. Development costs are also charged to profit or loss in the year in which they are incurred due to uncertainties inherent in the development of new products because the expected future economic benefits cannot be reliably determined. As long as the products have not reached the market place, there is no reliable evidence that positive future cash flows would be obtained.

Payments made to third parties in order to in-license or acquire intellectual property rights, compounds and products are capitalised as they are separately identifiable and are expected to generate future benefits.

Other development costs (essentially management information system software) are capitalised provided that there is an identifiable asset that will be useful in generating future benefits in terms of savings, economies of scale, etc.

**2.13 Non-financial assets**

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be

recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.14 Financial assets**

**2.14.1 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

**2.14.2 Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand plus short-term deposits. Short-term deposits have a maturity of less than three months from the date of acquisition.

**2.15 Financial liabilities**

**2.15.1 Borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis through the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

**2.15.2 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013****Summary of significant accounting policies of the company and the group (continued)****2.16 Inventories**

Inventories are stated at the lower of cost and estimated net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the FIFO method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**2.17 Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, and it is probable that the group will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the specific risk relating to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.18 Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. In respect of interim dividends these are recognised once paid.

**2.19 Critical accounting policies and key sources of estimation uncertainty**

Estimates and accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements under IFRS requires management to make assumptions and estimates about future events. The resulting accounting estimates will, by definition, differ from the actual results. The assumptions and estimates that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year is as follows:

**Revenue Recognition**

The Group recognises revenue generally at the time of delivery, which represents the point at which the significant risk and rewards of ownership are transferred to the customer, and when collection of the resulting consideration for those goods is reasonably assured. Should management consider that the criteria for recognition are not met, revenue is deferred until such a time as the consideration has been fully earned. Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable net of discounts, rebates and sales-related taxes but including interest receivable on sales on extended credit and income from the provision of technical services and agreements. Dividend income from investment is recognised when the right to receive payment is established.



## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### 3 Financial risk management

The group's and company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, credit risk, liquidity risk and interest rates.

##### 3.1 Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. It arises principally from trading activities with customers. The group has dedicated standards, policies and procedures to control and monitor all such risks. Although the group is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through credit rating and equity price reviews of the counterparties and by limiting the total amount of exposure to any one party.

The credit risk of customers is assessed at subsidiary and group level, taking into account their financial positions, past experiences and other factors. Individual customer credit limits are imposed based on these factors. Customers are initially brought on board on a cash basis for a period of six months. At the expiration of six months cash trading period, customers are free to apply for credit.

The group does not believe it is exposed to any material concentrations of credit risk.

All of the group's financial assets are carried at amortised cost. The maximum exposure to credit risk at the reporting date is the carrying Value of the financial assets in the statement of financial position.

The table below analyses the company's and group's financial assets into relevant maturity groupings as at the reporting date.

#### Company

##### 31 May 2013

Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 180 days N'000	Over 180 days N'000	Total
Cash and cash equivalents (Note 9)	4,162,406	-	-	-	4,162,406
Trade receivables (Note 7)	2,064,849	45,915	-	-	2,110,764
Receivables from subsidiary companies (Note 7)	2,777,437	-	-	-	2,777,437
Receivables from related party companies (Note 7)	8,141,647	-	-	-	8,141,647
Export rebate receivable (Note 7)	76,705	93,700	30,907	768,508	969,820
Other receivables (Note 7)	670,793	-	-	-	670,793
<b>Total</b>	<b>17,893,837</b>	<b>139,615</b>	<b>30,907</b>	<b>768,508</b>	<b>18,832,867</b>

##### 31 May 2012

Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 180 days N'000	Over 180 days N'000	Total
Cash and cash equivalents (Note 9)	2,380,306	-	-	-	2,380,306
Trade receivables (Note 7)	2,480,369	-	-	-	2,582,118
Receivables from subsidiary companies (Note 7)	2,414,556	101,749	-	-	2,414,556
Receivables from related party companies (Note 7)	5,406,593	-	-	-	5,406,593
Export rebate receivable (Note 7)	47,895	58,558	20,410	550,329	677,192
Other receivables (Note 7)	854,574	-	-	-	854,574
<b>Total</b>	<b>13,584,293</b>	<b>160,307</b>	<b>20,410</b>	<b>550,329</b>	<b>14,315,339</b>

##### 1 June 2011

Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 180 days N'000	Over 180 days N'000	Total
Cash and cash equivalents (Note 9)	3,296,493	-	-	-	3,296,493
Trade receivables (Note 7)	4,280,029	221,252	-	-	4,501,281
Receivables from subsidiary companies (Note 7)	5,096,514	-	-	-	5,096,514
Receivables from related party companies (Note 7)	7,596,455	-	-	-	7,596,455
Export rebate receivable (Note 7)	13,852	33,033	19,830	427,390	494,105
Other receivables (Note 7)	2,073,020	-	-	-	2,073,020
<b>Total</b>	<b>22,356,363</b>	<b>254,285</b>	<b>19,830</b>	<b>427,390</b>	<b>23,057,868</b>

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

Financial risk management (continued)  
Credit risk (continued)

#### Group

31 May 2013

Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 180 days N'000	Over 180 days N'000	Total
Cash and cash equivalents (Note 9)	8,871,727	-	-	-	8,871,727
Trade receivables (Note 7)	5,168,077	109,164	10,377	-	5,287,618
Receivables from related party companies (Note 7)	12,221,239	-	-	-	12,221,239
Export rebate receivable (Note 7)	76,705	55,150	93,189	789,814	1,014,858
Other receivables (Note 7)	1,488,627	-	-	-	1,488,627
<b>Total</b>	<b>27,826,376</b>	<b>164,314</b>	<b>103,566</b>	<b>789,814</b>	<b>28,884,069</b>

31 May 2012

Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 180 days N'000	Over 180 days N'000	Total
Cash and cash equivalents (Note 9)	2,522,811	-	-	-	2,522,811
Trade receivables (Note 7)	5,182,914	101,749	-	-	5,284,663
Receivables from related party companies (Note 7)	7,085,392	-	-	-	7,085,392
Export rebate receivable (Note 7)	47,895	44,272	14,650	618,808	725,625
Other receivables (Note 7)	1,289,244	-	-	-	1,289,244
<b>Total</b>	<b>16,128,256</b>	<b>146,021</b>	<b>14,650</b>	<b>618,808</b>	<b>16,907,735</b>

1 June 2011

Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 180 days N'000	Over 180 days N'000	Total
Cash and cash equivalents (Note 9)	3,811,169	-	-	-	3,811,169
Trade receivables (Note 7)	7,775,514	283,941	-	-	8,059,455
Receivables from related party companies (Note 7)	10,709,615	-	-	-	10,709,615
Export rebate receivable (Note 7)	2,801,235	27,763	19,971	-	592,572
Other receivables (Note 7)	-	-	-	544,838	2,801,235
<b>Total</b>	<b>25,097,533</b>	<b>311,704</b>	<b>19,971</b>	<b>544,838</b>	<b>25,974,046</b>

Export rebate receivable balance is past due but not considered to be impaired.

Provision for impairment as disclosed in Note 7 relates to specific provision for trade receivables that are doubtful of recovery. Provision for impairment is established when there is objective evidence that the group will not be able to collect all amount due according to the original terms of the receivables.

An analysis of the international long term credit ratings of counterparties where cash and cash equivalents are held is as follows:

Credit rating	Company		
	2013 N'000	2012 N'000	2011 N'000
AA	-	-	-
A	-	-	-
B	4,162,406	2,380,306	3,296,493
B+	-	-	-
	<b>4,162,406</b>	<b>2,380,306</b>	<b>3,296,493</b>

Credit rating	Group		
	2013 N'000	2012 N'000	2011 N'000
AA	-	-	-
A	-	-	-
B	8,871,727	2,522,811	3,811,169
B+	-	-	-
	<b>8,871,727</b>	<b>2,522,811</b>	<b>3,811,169</b>



## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

### 3.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

There is a central treasury that coordinates cash flows management and funding activities. Cash surplus to immediate requirements is placed in interest yielding short term deposit accounts in banks with good credit rating. The group enjoys favourable 90 days of credit from its suppliers as against 30 days of credit it gives to its customers. Thus, the group is always at an advantage position to meet its obligations because funding is quickly available from credits extended to its customers than the timing it is required to settle its obligations.

Included in the group's trade and other payables as at the 31 May 2013, 31 May 2012 and 1 June 2011 are balances due to related parties of N11.1 billion, N7.6 billion and N8.2 billion respectively while that of the company is N7.8 billion, N8.3 billion and N8.0 billion respectively.

The table below analyses the group's financial liabilities into relevant maturity groupings as at the reporting date.

#### Company

##### 31 May 2013

Financial liabilities:	Up to 180 days N'000	181 - 360 days N'000	Over 360 days N'000	Total
Trade and other payables (Note 13)	13,621,473	-	-	13,621,473
	<b>13,621,473</b>	<b>-</b>	<b>-</b>	<b>13,621,473</b>

##### 31 May 2012

Financial liabilities:	Up to 180 days N'000	181 - 360 days N'000	Over 360 days N'000	Total
Trade and other payables (Note 13)	14,230,169	-	-	14,230,169
	<b>14,230,169</b>	<b>-</b>	<b>-</b>	<b>14,230,169</b>

##### 1 June 2011

Financial liabilities:	Up to 180 days N'000	181 - 360 days N'000	Over 360 days N'000	Total
Trade and other payables (Note 13)	16,802,941	-	-	16,802,941
	<b>16,802,941</b>	<b>-</b>	<b>-</b>	<b>16,802,941</b>

#### Group

##### 31 May 2013

Financial liabilities:	Up to 180 days N'000	181 - 360 days N'000	Over 360 days N'000	Total
Trade and other payables (Note 13)	18,892,973	-	-	18,892,973
	<b>18,892,973</b>			<b>18,892,973</b>

##### 31 May 2012

Financial liabilities:	Up to 180 days N'000	181 - 360 days N'000	Over 360 days N'000	Total
Trade and other payables (Note 13)	15,847,125	-	-	15,847,125
	<b>15,847,125</b>			<b>15,847,125</b>

##### 1 June 2011

Financial liabilities:	Up to 180 days N'000	181 - 360 days N'000	Over 360 days N'000	Total
Trade and other payables (Note 13)	19,817,932	-	-	19,817,932
	<b>19,817,932</b>			<b>19,817,932</b>

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### 3.3 Market risk

Market risk is the risk that movements in market rates, including foreign exchange rates, interest rates, equity and commodity prices will affect the fair value or future cash flows of a financial instrument. The management of market risk is undertaken using risk limits approved by the operating unit finance directors under delegated authority.

#### 3.4 Foreign exchange risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. Subsidiary undertakings must ensure that all transactional exposures arising from commitments in a currency other than their functional currency are identified and monitored. The group is primarily exposed to the US dollar. A 1% increase/decrease in foreign exchange rate at the reporting dates would have increased/decreased profit or loss and equity by the following amounts. This analysis is based on foreign currency exchange rate variances that the group considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables remain constant.

	Group		Company	
	31 May 2013 N'000	31 May 2012 N'000	31 May 2013 N'000	31 May 2012 N'000
US dollar - 1% increase	102,675	58,009	53,948	45,039
US dollar - 1% decrease	(102,675)	(58,009)	(53,948)	(45,039)

#### 3.5 Fair value of financial assets and liabilities

All the group's financial assets and liabilities are measured at amortised cost and due to the short term nature of these financial instruments, the fair value reasonably approximates the carrying value in the statement of financial position.

#### 3.6 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Capital requirements are generally imposed by the majority shareholder, PZ Cussons Plc.

The group reports to the parent company the net funds/net debt ratio. This is summarised as follows:

	Group		Company	
	31 May 2013 N'000	31 May 2012 N'000	31 May 2013 N'000	31 May 2012 N'000
Cash and cash equivalents	8,871,727	2,522,811	4,162,406	2,380,306
Short term borrowing	-	-	-	-
Long term borrowing	-	-	-	-
<b>Net fund</b>	<b>8,871,727</b>	<b>2,522,811</b>	<b>4,162,406</b>	<b>2,380,306</b>



**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**4 Property, plant and equipment**

**Group - 2013**

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and Machinery N'000	Capital Work in progress N'000	Office furniture and fittings N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>							
At 1 June 2012	29,048	14,597,590	17,059,905	532,127	1,747,882	924,837	34,891,389
Additions	-	-	-	1,854,568	-	-	1,854,568
Reclassifications	-	150,348	368,784	(616,895)	97,763	-	-
Disposals	-	-	(3,933)	-	-	(56,095)	(60,028)
At 31 May 2013	29,048	14,747,938	17,424,756	1,769,800	1,845,645	868,742	36,685,929

**Depreciation**

At 1 June 2012	4,574	1,670,221	6,876,714	-	1,249,161	730,372	10,531,042
Charge for the year	581	264,466	1,293,765	-	201,251	82,688	1,842,751
On Disposals	-	-	(2,871)	-	-	(55,438)	(58,309)
At 31 May 2013	5,155	1,934,687	8,167,608	-	1,450,412	757,622	12,315,484

**Net book value**

At 31 May 2013	23,893	12,813,251	9,257,148	1,769,800	395,233	111,120	24,370,445
----------------	--------	------------	-----------	-----------	---------	---------	------------

**Group - 2012**

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and Machinery N'000	Capital Work in progress N'000	Office furniture and fittings N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>							
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
Reclassifications	-	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 values**

At 31 May 2012	24,474	12,927,369	10,183,191	532,127	498,721	194,465	24,360,347
----------------	--------	------------	------------	---------	---------	---------	------------

At 1 June 2011	25,055	13,020,526	10,542,674	596,956	546,687	303,044	25,034,942
----------------	--------	------------	------------	---------	---------	---------	------------

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### 4 Property, plant and equipment (continued)

##### Company - 2013

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and Machinery N'000	Capital Work in progress N'000	Office furniture and fittings N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>							
At 1 June 2012	29,048	13,102,037	11,977,308	374,352	1,530,670	751,681	27,765,096
Additions	-	-	-	1,250,090	49,292	-	1,250,090
Reclassifications	-	150,348	312,223	(511,863)	-	-	-
Disposals	-	-	(3,933)	-	-	(36,990)	(40,923)
At 31 May 2013	29,048	13,252,385	12,285,598	1,112,579	1,579,962	714,691	28,974,263

##### Depreciation

At 1 June 2012	4,574	1,612,805	5,686,196	-	1,162,766	595,372	9,061,713
Charge for the year	581	232,700	880,393	-	166,964	64,090	1,344,728
On disposals	-	-	(2,871)	-	-	(36,333)	(39,204)
At 31 May 2013	5,155	1,845,505	6,563,718	-	1,329,730	623,129	10,367,237

##### Net book value

At 31 May 2013	23,893	11,406,880	5,721,880	1,112,579	250,232	91,562	18,607,026
----------------	--------	------------	-----------	-----------	---------	--------	------------

##### Company - 2012

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and Machinery N'000	Capital Work in progress N'000	Office furniture and fittings N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>							
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 values

At 31 May 2012	24,474	11,489,232	6,291,112	374,352	367,904	156,309	18,703,383
At 1 June 2011	25,055	11,560,571	6,447,877	467,208	399,807	235,139	19,135,657



**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**5 Investments in subsidiaries**

The Company	Company		
	2013 N'000	2012 N'000	2011 N'000
At 1 June	526,406	526,406	526,406
Additions	-	-	-
<b>Total</b>	<b>526,406</b>	<b>526,406</b>	<b>526,406</b>
Principal investments: 31 May 2013, 31 May 2012 and 1 June 2011			
		ownership	
		N'000	%
HPZ Limited		504,406	74.99
Roberts Pharmaceuticals Limited		2,000	100.00
PZ Power Company Limited		10,000	99.99
PZ Tower Limited		10,000	99.99
<b>Total</b>		<b>526,406</b>	

There are no restrictions in transfer of funds within the entities in the group.

**6 Inventories**

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
Raw materials	10,338,045	12,855,899	9,823,765	6,736,716	10,258,255	7,183,978
Finished goods and goods for resale	6,539,926	8,395,920	6,517,374	3,650,025	3,798,720	3,924,993
Engineering spares and other stocks	1,143,375	1,138,947	1,140,477	915,530	931,783	869,744
<b>Total</b>	<b>18,021,346</b>	<b>22,390,766</b>	<b>17,481,616</b>	<b>11,302,271</b>	<b>14,988,758</b>	<b>11,978,715</b>

During the year ended 31 May 2013, N133.9m (2012: N235.1m) was charged to income statement for obsolete, damaged and missing inventories identified during the monthly stock count exercises. Also recognised as expense in the financial statements are engineering spares used for production - 2013: N465.1m (2012: N623.9m).

**7 Trade and other receivables**

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
Receivables due within one year:						
Trade receivables	6,403,151	6,203,833	8,688,656	2,724,133	3,016,425	4,898,840
Less: provision for impairment of trade receivables	(1,115,533)	(919,170)	(629,201)	(613,369)	(434,307)	(397,559)
Net trade receivables	5,287,618	5,284,663	8,059,455	2,110,764	2,582,118	4,501,281
Receivables from subsidiary companies (Note 24)	-	-	-	2,777,437	2,414,556	5,096,514
Receivables from related party companies (Note 24)	12,221,239	7,085,392	10,709,615	8,141,647	5,406,593	7,596,454
Export rebate receivable	1,014,858	725,625	592,572	969,820	677,192	494,105
Prepayments	482,068	127,317	124,592	451,624	86,518	73,135
Other receivables	1,488,627	1,289,244	2,801,235	670,793	854,574	2,073,020
<b>Total</b>	<b>20,494,410</b>	<b>14,512,241</b>	<b>22,287,469</b>	<b>15,122,085</b>	<b>12,021,551</b>	<b>19,834,510</b>

Export rebate receivable is recognised at the rate of 30% on the related export proceeds. The weighted eligibility criteria has 3 bands: 30%, 15% and 10%. Approval of the rebate is subject to meeting threshold of the following eligibility criteria: local value added, local content, employment (Nigerians), priority sector, export growth and capital investment.

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
Movements in the provision for impairment of trade receivables are as follows:						
At 1 June	(919,170)	(629,201)	(693,067)	(434,307)	(397,559)	(693,067)
Provision for receivables impairment	(196,363)	(500,107)	(177,892)	(179,062)	(277,507)	144,855
Receivables written off during the year	-	210,138	241,758	-	240,759	150,653
<b>Closing</b>	<b>(1,115,533)</b>	<b>(919,170)</b>	<b>(629,201)</b>	<b>(613,369)</b>	<b>(434,307)</b>	<b>(397,559)</b>

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

All trade receivables are denominated in Nigerian Naira. The credit risk of customers is assessed at subsidiary and group level, taking into account their financial positions, past experiences and other factors. Individual customer credit limits are imposed based on these factors.

The group operates in twenty-six depots across Nigeria with about three hundred major distributors. Customers are initially brought on board on a cash basis for a period of six months. At the expiration of the six months cash trading period, customers are free to apply for credit.

#### 8 Deposits for letters of credit(LCs)

Group			Company		
2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
538,492	620,632	311,333	523,660	528,705	48,023

Lcs represent committed cash no longer available for another purpose other than that for which it has been designated.

#### 9 Cash and cash equivalents

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
Cash at bank and in hand	8,871,727	2,522,811	3,811,169	4,162,406	2,380,306	3,296,493
Bank Overdrafts	-	-	-	-	-	-
<b>Cash and cash equivalents</b>	<b>8,871,727</b>	<b>2,522,811</b>	<b>3,811,169</b>	<b>4,162,406</b>	<b>2,380,306</b>	<b>3,296,493</b>

#### 10 Ordinary share capital

Group and company	31 May 2013		31 May 2012		1 June 2011	
	Number in thousands	Amount N'000	Number in thousands	Amount N'000	Number in thousands	Amount N'000
<b>Authorised:</b>						
Ordinary shares of 50k each	4,000,000	2,000,000	4,000,000	2,000,000	3,200,000	1,600,000
<b>Total authorised share capital</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>4,000,000</b>	<b>1,600,000</b>	<b>3,200,000</b>	<b>1,600,000</b>
<b>Allotted, called up and fully paid:</b>						
Ordinary shares of 50k each	3,970,477	1,985,238	3,970,477	1,985,238	3,176,382	1,588,191
<b>Total called up share capital</b>	<b>3,970,477</b>	<b>1,985,238</b>	<b>3,970,477</b>	<b>1,985,238</b>	<b>3,176,382</b>	<b>1,588,191</b>

At the Annual General Meeting held on 15 September 2011, the following resolution were passed:

- An increase in the company's authorised share capital from N1.6 billion to N2 billion through the creation of 800 million ordinary shares of 50 kobo each ranking in all respects pari passu with the existing shares of the company.
- Capitalisation of N397,047,705 from the company's revenue reserve into 794,095,410 units of ordinary shares of 50 kobo each and be appropriated and allotted to members in the proportion of 1 new share for every 4 shares held on 19 August 2011.

#### 11 Deferred taxation

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
The analysis of deferred tax liabilities is as follows:						
Deferred tax liability to be recovered after more than 12 months	4,283,021	4,285,804	3,420,128	3,421,827	3,457,997	3,354,878
Deferred tax liability to be recovered within 12 months	-	-	-	-	-	-
	<b>4,283,021</b>	<b>4,285,804</b>	<b>3,420,128</b>	<b>3,421,827</b>	<b>3,457,997</b>	<b>3,354,878</b>

The movement in deferred tax liability is as follows:

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
At start of year	4,285,804	3,420,128	3,118,752	3,457,997	3,354,878	3,114,515
Changes during the year:						
Charged to income statement (Note 14)	(2,783)	865,676	301,376	(36,170)	103,119	240,363
At end of year	<b>4,283,021</b>	<b>4,285,804</b>	<b>3,670,536</b>	<b>3,421,827</b>	<b>3,457,997</b>	<b>3,354,878</b>



## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

##### Deferred taxation (Continued)

	Group			Company		
	Property, plant and equipment N'000	Provisions N'000	Total N'000	Property, plant and equipment N'000	Provisions N'000	Total N'000
At 1 June 2011	3,162,926	257,202	3,420,128	3,026,325	328,553	3,354,878
Charged/(credited) to income statement	403,620	462,056	865,676	179,536	(76,417)	103,119
At 31 May 2012	3,566,546	719,258	4,285,804	3,205,861	(252,136)	3,457,997
- Charged/(credited) to income statement	4,073	(6,856)	(2,783)	(30,448)	(5,722)	(36,170)
At 31 May 2013	3,570,619	712,402	4,283,021	3,175,413	(246,414)	3,421,827

## 12 Provisions

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
Warranty provisions						
At beginning of the year	190,761	214,312	201,026	-	-	-
Charged to the income statement	94,308	229,426	133,978	-	-	-
Utilised in the year	(11,306)	(252,978)	(120,692)	-	-	-
<b>At 31 May 2013</b>	<b>273,763</b>	<b>190,760</b>	<b>214,312</b>	<b>-</b>	<b>-</b>	<b>-</b>
The ageing of the provisions are as follows:						
Within 12 months	94,308	50,183	60,548	-	-	-
Greater than 12 months	179,455	140,577	153,764	-	-	-
<b>Total</b>	<b>273,763</b>	<b>190,760</b>	<b>214,312</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### Warranty provisions

The group generally offers 1 - 3 year warranties for its electrical products and components. Directors estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends.

Factors that could impact the estimated claim information include the success of the group's product and quality initiatives, as well as spare parts and labour costs.

## 13 Trade and other payables

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
Trade payables	1,627,210	1,739,843	2,172,019	1,495,071	1,138,755	1,756,592
Other taxation and social security	145,051	115,500.00	217,638	1,726	61,501	154,223
Unclaimed Dividend	1,353,738	1,253,824	1,609,306	1,353,738	1,253,824	1,609,306
Accruals	3,927,138	4,068,969	5,231,066	2,724,887	2,716,660	4,788,416
Amounts owed to subsidiaries (Note 24)	-	-	-	1,533,474	1,416,075	1,724,077
Amounts owed to related parties (Note 24)	11,102,686	7,560,808	8,210,338	6,229,965	6,872,914	6,235,339
Other payables	737,150	1,108,181	2,377,565	282,612	770,440	534,988
<b>Total</b>	<b>18,892,973</b>	<b>15,847,125</b>	<b>19,817,932</b>	<b>13,621,473</b>	<b>14,230,169</b>	<b>16,802,941</b>
	Days	Days	Days	Days	Days	Days
Average credit period taken for trade purchases	90	90	90	90	90	90

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider the carrying amount of trade and other payables to approximate their fair value.

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### 14 Taxation

##### Income tax expense

Company income tax  
Education tax

##### Total current tax

##### Deferred tax

Reversal/(origination) of temporary differences

##### Total deferred tax

##### Income tax expense

Group		Company	
31 May 2013 N'000	31 May 2012 N'000	31 May 2013 N'000	31 May 2012 N'000
2,151,917	780,049	1,269,021	26,803
179,944	122,292	113,323	39,458
<b>2,331,861</b>	<b>902,341</b>	<b>1,382,344</b>	<b>66,261</b>
(2,783)	865,676	(36,170)	103,119
<b>(2,783)</b>	<b>865,676</b>	<b>(36,170)</b>	<b>103,119</b>
<b>2,329,078</b>	<b>1,768,017</b>	<b>1,346,174</b>	<b>169,380</b>

##### Effective tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the parent as follows:

	Group		Company	
	31 May 2013 N'000	31 May 2012 N'000	31 May 2013 N'000	31 May 2012 N'000
<b>Profit before tax</b>	7,650,265	4,306,863	3,567,621	778,912
Income tax using the domestic corporation tax rate of 30% (2012:30%)	2,295,080	1,292,059	1,070,286	233,674
Tax effects of:				
Non-deductible expenses	316,767	491,776	238,959	33,671
Education tax levy	179,944	122,292	113,323	39,458
Tax exempt income	(462,711)	(138,110)	(76,394)	(137,423)
<b>Total income tax expense in income statement</b>	<b>2,329,080</b>	<b>1,768,017</b>	<b>1,346,174</b>	<b>169,380</b>

The current tax charge has been computed at the applicable rate of 30% (31 May 2013: 30%, 31 May 2012: 30% and 1 June 2011: 30%) plus education levy of 2% (31 May 2013: 2%, 31 May 2012: 2% and 1 June 2011: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as legal fees, donations, public relations expenses and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income include income such as dividend income and income from government bonds which are not taxable.

##### The movement in the current income taxation payable is as follows:

	Group		Company	
	31 May 2013 N'000	31 May 2012 N'000	31 May 2013 N'000	31 May 2012 N'000
At start of the year	1,215,065	2,305,423	244,746	1,380,598
Tax charge for the year	2,331,861	902,341	1,382,344	66,261
Tax paid during the year	(1,137,120)	(1,992,698)	(176,084)	(1,202,113)
At end of the year	<b>2,409,806</b>	<b>1,215,066</b>	<b>1,451,006</b>	<b>244,746</b>

At the statement of financial position date, the group and the company have no unused tax losses available for offset against future profits. There was no offset of deferred tax assets and deferred tax liabilities.



## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### 15 Expense by nature

Changes in inventories of finished goods and work in progress
Personnel cost (Note 21.5)
Fuel & gas
Depreciation (Note 4)
Auditors remuneration
Rent & rates
Insurance
Freight/carriage cost
Vehicle repairs & maintenance
Technical & management fees
Advertising & market promotions
General & other expenses

Group		Company	
2013 N'000	2012 N'000	2013 N'000	2012 N'000
46,624,297	48,696,291	54,808,905	56,758,028
6,200,489	6,947,662	4,507,363	5,372,616
2,058,979	2,172,162	1,276,834	1,455,457
1,842,751	1,840,420	1,344,728	1,335,588
27,297	21,156	18,294	14,178
297,671	315,800	104,349	125,209
379,121	421,715	379,121	421,715
1,920,244	2,465,104	1,288,351	1,658,397
295,629	153,866	229,141	107,992
3,031,398	3,200,212	3,031,398	3,200,212
1,267,628	1,202,245	723,868	766,743
241,292	326,155	222,718	305,427
64,186,796	67,762,788	67,935,070	71,521,562
52,246,080	56,400,056	58,504,029	62,862,492
7,351,854	8,024,253	5,321,189	5,631,205
4,588,862	3,338,479	4,109,852	3,027,865
64,186,796	67,762,788	67,935,070	71,521,562

Cost of sales
Selling and distribution expenses
Administrative expenses

#### Exceptional items

Exceptional items included within operating profit

	Group 31 May 2013	Group 31 May 2012	Company 31 May 2013	Company 31 May 2012
Supply chain and factory cost optimization	-	426,722	-	426,722

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate.

During the year ended 31 May 2012, the company carried out restructuring of its supply chain and factory operations to enhance efficiency and cost optimisation. The related staff cost of N426.7 million arising from the restructuring is included in cost of sales.

#### 16 Revenue

Components of revenue is as follows:

Sales of goods	71,343,088	72,154,601	71,343,088	72,154,601
Revenue by geographical location of Customers:				
Domestic (within Nigeria)	68,750,426	70,665,446	68,750,426	70,665,446
Export (outside Nigeria)	2,592,662	1,489,155	2,592,662	1,489,155
	71,343,088	72,154,601	71,343,088	72,154,601

#### 17 Segment analysis

The chief operating decision-maker has been identified as the Executive Board which comprises of six executive directors.

The Executive Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate.

The Executive Board considers the business from a geographic perspective, with Africa, Asia and Europe being the reporting segments. The Executive Board assesses the performance based on operating profit before any exceptional items.

Other information provided, except as noted below, to the Board is measured in a manner consistent with that of the financial statements. Sales between segments are carried out at an arms length.

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### As at 31 May

	2013			
	Branded consumer goods	Durable electrical appliances	Eliminations	Total
Total gross segment revenue	48,803,467	22,539,621	-	71,343,088
Intersegment revenue	-	-	-	-
Revenue	48,803,467	22,539,621	-	71,343,088
Segment operating profit	5,100,039	2,056,253	-	7,156,292
Depreciation (Note 4)	1,751,501	91,250	-	1,842,751
Interest income	88,897	629,060	(270,691)	447,266
Interest cost	471,149	17,277	(270,691)	217,735
Profit before taxation	4,982,229	2,668,036	-	7,650,265
Taxation	1,444,919	884,159	-	2,329,078
Profit after taxation	3,537,310	1,783,877	-	5,321,187
Property plant & equipments	23,618,858	751,587	-	24,370,445
Total assets	51,974,731	20,321,689	-	72,296,420

#### As at 31 May

	2012			
	Branded consumer goods	Durable electrical appliances	Eliminations	Total
Total gross segment revenue	50,965,123	21,189,478	-	72,154,601
Intersegment revenue	-	-	-	-
Revenue	50,965,123	21,189,478	-	72,154,601
Segment operating profit	2,963,580	1,428,233	-	4,391,813
Depreciation (Note 4)	1,735,917	104,503	-	1,840,420
Interest income	90,524	557,880	(167,925)	480,479
Interest cost	813,309	24,832	(167,925)	670,216
Profit before taxation	2,513,507	1,793,356	-	4,306,863
Taxation	487,847	1,280,170	-	1,768,017
Profit after taxation	2,025,660	513,186	-	2,538,846
Property plant & equipments	23,820,638	539,709	-	24,360,347
Total assets	51,581,539	12,825,258	-	64,406,797

## 18 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	Group		Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Profit attributable to equity holders	4,875,040	2,410,498	2,221,447	609,532
Weighted average number of ordinary shares in issue	3,970,478	3,970,478	3,970,478	3,970,478
Basic earnings per share (Naira)	1.23	0.61	0.56	0.15

Diluted EPS is the same as basic earnings per share as there are no potential securities convertible to ordinary shares.



**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**19 Cash generated from operating activities**

	Group		Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
<b>Cash flows from operating activities</b>				
Profit before taxation	7,650,265	4,306,863	3,567,621	778,912
<b>Adjustment to reconcile net income to cash provided:</b>				
Depreciation	1,842,751	1,840,420	1,344,728	1,335,588
Intercompany transfer of fixed assets	-	-	-	(1,486)
(Profit)/loss on disposal of fixed assets	(5,098)	15,535	(2,243)	24,434
Unclaimed dividend forfeited	19,209	56,967	19,209	56,967
Interest expense	217,735	670,216	470,962	634,424
Interest income	(447,266)	(480,479)	(88,897)	(90,524)
	9,277,596	6,409,522	5,311,380	2,738,315
<b>Changes in assets and liabilities</b>				
(Increase)/decrease in trade and other receivables	(5,982,169)	7,775,228	(3,100,534)	7,812,959
Decrease/(increase) in deposit for letters of credit	82,140	(309,299)	5,045	(480,682)
Decrease/(increase) in inventories	4,369,420	(4,909,150)	3,686,487	(3,010,043)
Increase/(decrease) in trade, other payables and provisions	3,128,850	(3,994,360)	(608,696)	(2,572,773)
<b>Cash flows from operating activities</b>	<b>10,875,837</b>	<b>4,971,941</b>	<b>5,293,682</b>	<b>4,487,776</b>

**20 Directors and employees emoluments**

	Group		Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
<b>20.1 Chairman and director's emoluments:</b>				
Chairman	1,480	1,280	1,480	1,280
Directors	166,536	129,357	166,536	129,357
<b>Total</b>	<b>168,016</b>	<b>130,637</b>	<b>168,016</b>	<b>130,637</b>
As fees (As per Non Executive directors)	7,880	6,680	7,880	6,680
Other emoluments(As per Executive directors)	160,136	123,957	160,136	123,957
<b>Total</b>	<b>168,016</b>	<b>130,637</b>	<b>168,016</b>	<b>130,637</b>

**20.2** Number of directors excluding the chairman, whose emoluments fell within the following ranges were:

	Group		Company	
	2013 Number	2012 Number	2013 Number	2012 Number
10,000,000 - 15,000,000	1	-	1	-
15,000,001 - 20,000,000	1	4	1	4
20,000,001 - 25,000,000	1	-	1	-
25,000,001 - 30,000,000	-	-	-	-
30,000,001 - 35,000,000	1	1	1	1
35,000,001 - 40,000,000	1	1	1	1
40,000,001 - 45,000,000	1	-	1	-
	6	6	6	6
Directors with no emoluments	5	6	5	6

The directors with no emoluments waived their right to receive compensation from the company during the reporting periods.

	Group		Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
<b>20.3 Highest paid director received</b>	<b>41,729</b>	<b>37,335</b>	<b>41,729</b>	<b>37,335</b>

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

20.4 The number of employees in receipt of emolument excluding allowances and pension cost within the following ranges were:

	Group		Company	
	2013 Number	2012 Number	2013 Number	2012 Number
100,000 - 200,000	1	22	1	1
200,001 - 300,000	-	38	-	-
300,001 - 400,000	15	45	15	22
400,001 - 500,000	558	31	343	508
500,001 - 600,000	739	181	514	762
600,001 - 700,000	245	297	133	197
700,001 - 800,000	65	778	28	41
800,001 - 900,000	36	402	15	22
900,001 - 1,000,000	20	203	15	22
1,000,001 - 1,100,000	55	148	45	66
1,100,001 - 1,200,000	47	107	36	53
1,200,001 - 1,300,000	28	52	20	29
1,300,001 - 1,400,000	22	43	13	19
1,400,001 - 1,500,000	17	51	16	24
1,500,001 and above	217	325	165	245
<b>Total</b>	<b>2,065</b>	<b>2,723</b>	<b>1,359</b>	<b>2,011</b>

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

	Group		Company	
	2013 Number	2012 Number	2013 Number	2012 Number
Production	1,283	1,839	753	1,323
Sales and Distribution	620	674	450	473
Administration	162	210	156	215
<b>Total</b>	<b>2,065</b>	<b>2,723</b>	<b>1,359</b>	<b>2,011</b>
The aggregate cost of these employees was:	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Wages and salaries	5,774,766	6,463,758	4,224,646	5,020,937
Pension costs - defined contribution plan	174,947	214,028	104,419	146,611
Pension costs - gratuity scheme	250,776	269,876	178,298	205,068
<b>Total</b>	<b>6,200,489</b>	<b>6,947,662</b>	<b>4,507,363</b>	<b>5,372,616</b>

## 21 Financial commitments

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

### 21.1 Capital commitments

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

	Group		Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Authorised and contracted	525,842	303,298	359,342	296,675
Authorised but not contracted	1,341,889	1,180,653	977,008	989,147
<b>Total</b>	<b>1,867,731</b>	<b>1,483,951</b>	<b>1,336,350</b>	<b>1,285,822</b>

### 21.2 Contingent liabilities

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



## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### 22 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 N3,031,398,349 (2012: N3,200,212,000).

#### 23 Post balances sheet events

A dividend in respect of the year ended 31 May 2013 of 56 kobo per share amounting to a total dividend of N2,223,467,145.76 was declared at the board meeting held on 25 July 2013. No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders.

There are no other post-balance sheet events which would have had any material effect on the statement of financial position as at 31 May 2013 and on the profit for the year then ended.

#### 24 Related party transactions

##### 24.1 Group and company

The group and company are controlled by PZ Cussons (Holding) Limited, incorporated in the UK, which owns 69.77% of the group and company's shares. The remaining 30.23% of the shares are widely held. The group's ultimate parent is PZ Cussons (Holding) Limited (incorporated in the UK).

All trading balances will be settled in cash. There was no provision for doubtful related party receivables at 31 May 2013 (31 May 2012: Nil and 1 June 2011: Nil) and no charges to the income statement in respect of doubtful related party receivables for the years then ended.

The company controls a number of subsidiaries. These are detailed in note 5.

##### 24.2 Transactions with related parties

###### Purchase of goods and services

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
Purchases of goods from subsidiaries:						
- HPZ Limited	-	-	-	22,539,621	21,189,478	21,044,956
- PZ Power Company Limited	-	-	-	1,135,176	1,174,815	1,220,172
- PZ Tower Limited	-	-	-	9,256,950	12,630,025	2,458,294
Transactions with subsidiaries	-	-	-	32,931,747	34,994,318	24,723,422
Purchases of goods from joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company):						
- PZ Cussons International Limited	50,012,156	55,617,935	52,743,833	33,966,635	40,491,950	38,848,456
Purchases of services from joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company):						
- Royalties - PZ Cussons International Limited	255,998	625,254	436,597	255,998	625,254	436,597
- Technical Fees - PZ Cussons International Limited	2,775,400	2,941,455	2,582,471	2,775,400	2,941,455	2,582,471
	3,031,398	3,566,709	3,019,067	3,031,398	3,566,709	3,019,067
Transactions with joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	53,043,554	59,184,644	55,762,900	36,998,033	44,058,659	41,867,523
<b>Total</b>	<b>53,043,554</b>	<b>59,184,644</b>	<b>55,762,900</b>	<b>69,929,780</b>	<b>79,052,977</b>	<b>66,590,945</b>

###### Sales of goods/services and advances for purchases

Services recharged to subsidiaries:						
- HPZ Limited (Subsidiary)	-	-	-	4,977,654	4,375,321	5,239,103
- PZ Tower Limited (Subsidiary)	-	-	-	-	1,232,082	239,444
Transactions with subsidiaries	-	-	-	4,977,654	5,607,403	5,478,547
Services recharged to joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	3,807,735	4,532,509	3,649,462	3,807,735	4,532,509	3,649,462
Sales of goods to joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	1,914,120	1,583,452	1,297,783	1,914,120	1,583,452	1,297,783
Advances for purchases to joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	20,270,417	53,568,440	49,862,312	14,105,840	35,410,798	33,988,359
Transactions with joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	25,992,272	59,684,401	54,809,557	19,827,695	41,526,759	38,935,604
<b>Total</b>	<b>25,992,272</b>	<b>59,684,401</b>	<b>54,809,557</b>	<b>24,805,349</b>	<b>47,134,162</b>	<b>44,414,151</b>

###### Key management compensation

Key management have been determined as directors (executive and non-executive) and the chairman. Details of their compensation is as shown in note 20. No loans were advanced to any key management during the year.

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### Related party transactions (Continued)

#### Year-end balances arising from sales/purchases of goods and services

	Group			Company		
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000
Due to:						
- Subsidiaries of PZ Cussons Nigeria Plc	-	-	-	1,533,474	1,416,075	1,724,077
- Joint ventures and subsidiaries of PZ Cussons Holdings Limited UK	11,102,686	7,560,808	8,210,338	6,229,965	6,872,914	6,235,339
<b>Total</b>	<b>11,102,686</b>	<b>7,560,808</b>	<b>8,210,338</b>	<b>7,763,439</b>	<b>8,288,989</b>	<b>7,969,416</b>
Due from:						
- Subsidiaries of PZ Cussons Nigeria Plc	-	-	-	2,777,437	2,414,556	5,096,514
- Joint ventures and subsidiaries of PZ Cussons Holdings Limited UK	12,221,239	7,085,392	10,709,615	8,141,647	5,406,593	7,596,455
<b>Total</b>	<b>12,221,239</b>	<b>7,085,392</b>	<b>10,709,615</b>	<b>10,919,084</b>	<b>7,821,149</b>	<b>12,692,969</b>

Balances arising from sales/purchases of goods and services are revolving balances settled within seven days after the end of the month.

No interest is charged on the balances.

Included in the joint ventures and subsidiaries of PZ Cussons Holdings Limited UK balances are balances arising from transactions with or due to/due from Harefield Industrial Nigeria Limited, Nutricima Limited, PZ Coolworld Limited and PZ Wilmar Limited.

## 25 Dividends

#### Amounts recognised as dividends to ordinary shareholders in the year:

	2013 N'000	2012 N'000
Dividend for the year ended 31 May 2012 of 43 kobo (31 May 2011: 86 kobo) per ordinary share of 50 kobo	1,707,305	2,731,688

Dividend for the year ended 31 May 2012 was paid during the year ended 31 May 2013 while dividend for the year ended 31 May 2011 was paid during the year ended 31 May 2012. This is consistent with the group's policy of recognising dividend as a liability in the period it is approved by the shareholders.

As disclosed in Note 23, dividend in respect of the year ended 31 May 2013 of 56 kobo per share amounting to a total dividend of N2,223,467,145.76 is subject to the approval of the shareholders at the Annual General Meeting of the company for the year then ended. Accordingly, there is no provision for the dividend in the financial statements.

## 26 Explanation of transition to IFRS

As stated in note 2.1, these are the group's first consolidated financial statements prepared in accordance with IFRS. The Group has applied IFRS 1 in preparing these consolidated financial statements and the accounting policies set out in note 2 have been applied in the preparation of the financial statements for the years ended 31 May 2013 and 31 May 2012 as well as in the preparation of an opening IFRS statement of financial position at 1 June 2011 (the group's date of transition). In preparing its opening IFRS statement of financial position at 1 June 2011 (the date of the group transition to IFRS).

In preparing its opening IFRS statement of financial position, the group has adjusted amounts reported previously in financial statements prepared in accordance with Nigerian GAAP to IFRS as it affects the group financial position. An explanation of how the transition from Nigerian GAAP to IFRS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes that accompany the tables.

In preparing these consolidated financial statements in accordance with IFRS 1, the group has applied the mandatory exceptions from full retrospective application of IFRS. The optional exemptions from full retrospective application selected by the group are summarised below.

### 26.1 Exceptions and exemptions from full retrospective application - followed by the Group and Company

#### Exceptions

The group applied the following mandatory exceptions from retrospective application:

#### Estimates exception

Estimates under IFRS at 1 June 2011 should be consistent with estimates made for the same date under Nigerian GAAP, unless there is evidence that those estimates were in error.

#### Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS.

#### Hedge accounting exception

This exception requires the group to apply hedge accounting only if the hedge relationship meets all the hedge accounting criteria under IAS 39. The group has not applied hedge accounting under IFRS.

#### Non-controlling interests exception

From 1 June 2011 total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if it results in the non-controlling interests having a deficit balance. Changes in parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners) from 1 June 2011.

The guidance contained in IFRS on accounting for the loss of control of a subsidiary is applied prospectively from 1 June 2011.

#### Exemptions

The group applied the following optional exemptions from retrospective application:

#### (i) Deem cost of property, plant and equipment

This exemption is applicable to any individual item of property, plant and equipment or intangible assets that meet the IFRS recognition criteria. When the exemption is applied, the fairvalue or revalued amount is the deemed cost at the date of the revaluation for subsequent accounting under IFRS if the revaluation (at the revaluation date) was broadly comparable to fair value or cost or depreciation cost under IFRS. PZ Cussons Nigeria plc has elected to apply the revaluation exemption on land and building through the use of previous revaluation as deemed cost. IFRS will apply retrospectively to other classes of property, plant and equipment.

At 31 May 2004, the Company revalued its buildings under the Nigerian GAAP. On transition to IFRSs, the Company elected to apply the optional exemption to use that previous revaluation as deemed cost under IFRS and the revaluation reserve of N7.514 billion was reclassified to retained earnings.



## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

The impact arising from the change is summarized as follows:

	31 May 2012 N'000	1 June 2011 N'000
Decrease in revaluation reserve	7,514,153	7,514,153
<b>Adjustment to retained earnings</b>	<b>7,514,153</b>	<b>7,514,153</b>

#### (ii) Investment in subsidiaries

PZ Cussons Nigeria Plc has elected to apply the exemption to retain its current Nigerian GAAP numbers as deemed cost of its investments in subsidiaries in the company stand alone financial statements.

#### 26.2 Explanatory notes to IFRS 1 adjustments

(i) Under the previous GAAP, PZ Cussons Nigeria Plc recognised the surplus of N7.5 billion arising from revaluation of buildings as revaluation reserve. As part of its transition to IFRS, the group elected to use revalued amounts as the deemed cost of buildings. Accordingly, revaluation surplus of N7.5 billion was reclassified to retained earnings.

(ii) Under the previous GAAP, HPZ Limited (a subsidiary of PZ Cussons Nigeria Plc) classified provision for warranty as part of its accruals. Under IFRS, provision for warranty was reclassified from accruals to provisions. This was further sub-divided into provision falling due within one year and provision falling due after more than one year. As a result of the reclassification and subsequent unbundling into the short term and long term components, provision falling due within one year as at 31 May 2012 and 1 June 2011 increased by N50.2 million and N60.5 million respectively; provision falling due after more than one year as at 31 May 2012 and 1 June 2011 increased by N140.6 million and

N153.8 million respectively; and Trade and other creditors as at 31 May 2012 and 1 June 2011 decreased by N190.8 million and N214.3 million respectively. The effects of the reclassifications are disclosed in the consolidated statement of financial position as at 31 May 2012 and 1 June 2011.

(iii) As indicated in Note 17, under IFRS, PZ Cussons Nigeria Plc disclosed exceptional item in prior year as part of cost of sales. Accordingly, exceptional item previously reported under the prior GAAP was reclassified to cost of sales thus resulting to a nil exceptional item balance in the statement of comprehensive income for the year ended 31 May 2012 from a balance of N426.7 million disclosed in prior GAAP. In response, cost of sales in the statement of comprehensive income for the period ended 31 May 2012 increased by a corresponding amount of N426.7 million when compared to the cost of sales reported under the prior GAAP.

(iv) Under the previous GAAP, interest income

was reported as part of other income. However under IFRS, the group reclassified interest income from other income thus making interest income of the group and the company for the year ended 31 May 2012 to increase by N480.5 million and N90.5 million respectively while other income decrease by corresponding amounts. In addition, cash flows from operating activities will decrease by the same amount of interest income reclassified from other income while cash flows from investing activities will increase by the same amounts.

(v) A reclassification of N250.4 million was made between deferred tax liability and other payables. This relates to prior year posting error in the company's N-GAAP financial statements but corrected in the 1 June 2011 IFRS numbers. The resultant effect on the cash flows for the year ended 31 May 2012 is as disclosed in the N-GAAP vs. IFRS statement of cash flows reconciliation for the year then ended.

#### Reconciliation of equity at 1 June 2011 and 31 May 2012 - Group

	Adjustment reference	31 May 2012			1 June 2011		
		Nigerian GAAP N'000	Adjustments N'000	IFRS N'000	Nigerian GAAP N'000	Adjustments N'000	IFRS N'000
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment		24,360,347	-	24,360,347	25,034,942	-	25,034,942
Investments in subsidiaries		-	-	-	-	-	-
		24,360,347	-	24,360,347	25,034,942	-	25,034,942
<b>Current assets</b>							
Inventories		22,390,766	-	22,390,766	17,481,616	-	17,481,616
Trade and other receivables		14,512,241	-	14,512,241	22,287,469	-	22,287,469
Deposits for Letters of credit		620,632	-	620,632	311,333	-	311,333
Cash and cash equivalents		2,522,811	-	2,522,811	3,811,169	-	3,811,169
		40,046,450	-	40,046,450	43,891,587	-	43,891,587
<b>Total assets</b>		<b>64,406,797</b>	<b>-</b>	<b>64,406,797</b>	<b>68,926,529</b>	<b>-</b>	<b>68,926,529</b>
<b>Equity</b>							
Ordinary share capital		1,985,238	-	1,985,238	1,588,191	-	1,588,191
Share premium		6,878,269	-	6,878,269	6,878,269	-	6,878,269
Revaluation reserve	i	7,514,153	(7,514,153)	-	7,514,153	(7,514,153)	-
Retained earnings	i	24,551,457	7,514,153	32,065,610	25,212,728	7,514,153	32,726,881
Equity attributable to equity holders of the company		40,929,117	-	40,929,117	41,193,341	-	41,193,341
Non controlling interest		1,938,925	-	1,938,925	1,975,393	-	1,975,393
<b>Total equity</b>		<b>42,868,042</b>	<b>-</b>	<b>42,868,042</b>	<b>43,168,734</b>	<b>-</b>	<b>43,168,734</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Deferred taxation	v	4,285,805	-	4,285,805	3,670,536	(250,408)	3,420,128
Provisions	ii	-	140,577	140,577	-	153,764	153,764
		4,285,805	140,577	4,426,382	3,670,536	(96,644)	3,573,892
<b>Current liabilities</b>							
Trade and other payables	ii.v	16,037,885	(190,760)	15,847,125	19,781,836	36,096	19,817,932
Current taxation payable		1,215,065	-	1,215,065	2,305,423	-	2,305,423
Provisions	ii	-	50,183	50,183	-	60,548	60,548
		17,252,950	(140,577)	17,112,373	22,087,259	96,644	21,933,495
<b>Total liabilities</b>		<b>21,538,755</b>	<b>-</b>	<b>21,538,755</b>	<b>25,757,795</b>	<b>-</b>	<b>25,757,795</b>
<b>Total equity and liabilities</b>		<b>64,406,797</b>	<b>-</b>	<b>64,406,797</b>	<b>68,926,529</b>	<b>-</b>	<b>68,926,529</b>

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### Reconciliation of equity at 1 June 2011 and 31 May 2012 - Company

	Adjustment reference	31 May 2012			1 June 2011		
		Nigerian GAAP N'000	Adjustment N'000	IFRS N'000	Nigerian GAAP N'000	Adjustment N'000	IFRS N'000
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment		18,703,383	-	18,703,383	19,135,657	-	19,135,657
Investments in subsidiaries		526,406	-	526,406	526,406	-	526,406
		19,229,789	-	19,229,789	19,662,063	-	19,662,063
<b>Current assets</b>							
Inventories		14,988,758	-	14,988,758	11,978,715	-	11,978,715
Trade and other receivables		12,021,551	-	12,021,551	19,834,510	-	19,834,510
Deposits for Letters of credit		528,705	-	528,705	48,023	-	48,023
Cash and cash equivalents		2,380,306	-	2,380,306	3,296,493	-	3,296,493
		29,919,320	-	29,919,320	35,157,741	-	35,157,741
<b>Total assets</b>		<b>49,149,109</b>	<b>-</b>	<b>49,149,109</b>	<b>54,819,804</b>	<b>-</b>	<b>54,819,804</b>
<b>Equity</b>							
Ordinary share capital		1,985,238	-	1,985,238	1,588,191	-	1,588,191
Share premium		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)	-
Retained earnings	i	14,838,537	7,514,153	22,352,690	17,300,774	7,514,153	24,814,927
Equity attributable to equity holders of the company		31,216,197	-	31,216,197	33,281,387	-	33,281,387
Non controlling interest		-	-	-	-	-	-
<b>Total equity</b>		<b>31,216,197</b>	<b>-</b>	<b>31,216,197</b>	<b>33,281,387</b>	<b>-</b>	<b>33,281,387</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Deferred taxation	v	3,457,997	-	3,457,997	3,605,286	(250,408)	3,354,878
Provisions		-	-	-	-	-	-
		3,457,997	-	3,457,997	3,605,286	(250,408)	3,354,878
<b>Current liabilities</b>							
Borrowings		-	-	-	-	-	-
Trade and other payables	v	14,230,169	-	14,230,169	16,552,533	250,408	16,802,841
Current taxation payable		244,746	-	244,746	1,380,598	-	1,380,598
Provisions		-	-	-	-	-	-
		14,474,915	-	14,474,915	17,933,131	250,408	18,183,539
<b>Total liabilities</b>		<b>17,932,912</b>	<b>-</b>	<b>17,932,912</b>	<b>21,538,417</b>	<b>-</b>	<b>21,538,417</b>
<b>Total equity and liabilities</b>		<b>49,149,109</b>	<b>-</b>	<b>49,149,109</b>	<b>54,819,804</b>	<b>-</b>	<b>54,819,804</b>



**PZ Cussons Nigeria Plc**  
**Notes to the consolidated financial statements**  
**Year ended 31 May 2013**

**Reconciliation of statement comprehensive income for the year ended 31 May 2012**

	Adjustment reference	Group			Company		
		Nigerian GAAP N'000	Adjustment N'000	IFRS N'000	Nigerian GAAP N'000	Adjustment N'000	IFRS N'000
<b>Continuing operations</b>							
Revenue		72,154,601	-	72,154,601	72,154,601	-	72,154,601
Cost of sales	iii	(55,973,334)	(426,722)	(56,400,056)	(62,435,770)	(426,722)	(62,862,492)
<b>Gross profit</b>		<b>16,181,267</b>	<b>(426,722)</b>	<b>15,754,545</b>	<b>9,718,831</b>	<b>(426,722)</b>	<b>9,292,109</b>
Selling and distribution costs		(8,024,253)	-	(8,024,253)	(5,631,205)	-	(5,631,205)
Administrative expenses		(3,338,479)	-	(3,338,479)	(3,027,865)	-	(3,027,865)
<b>Operating profit</b>		<b>4,818,535</b>	<b>-</b>	<b>4,391,813</b>	<b>1,059,761</b>	<b>-</b>	<b>633,039</b>
Other income	iv	585,266	(480,479)	104,787	780,297	(90,524)	689,773
Interest income	iv	-	480,479	480,479	-	90,524	90,524
Interest cost		(670,216)	-	(670,216)	(634,424)	-	(634,424)
Net finance income/(cost)		(670,216)	480,479	(189,737)	(634,424)	90,524	(543,900)
<b>Profit before exceptional item and taxation</b>		<b>4,733,585</b>	<b>-</b>	<b>4,306,863</b>	<b>1,205,634</b>	<b>-</b>	<b>778,912</b>
Exceptional items	iii	(426,722)	426,722	-	(426,722)	426,722	-
<b>Profit before taxation</b>		<b>4,306,863</b>	<b>-</b>	<b>4,306,863</b>	<b>778,912</b>	<b>-</b>	<b>778,912</b>
Taxation		(1,768,017)	-	(1,768,017)	(169,380)	-	(169,380)
<b>Profit for the year</b>		<b>2,538,846</b>	<b>-</b>	<b>2,538,846</b>	<b>609,532</b>	<b>-</b>	<b>609,532</b>
<b>Attributable to:</b>							
Equity holders of the parent company		2,410,498	-	2,410,498	-	-	-
Non controlling interest		128,348	-	128,348	-	-	-
		<b>2,538,846</b>	<b>-</b>	<b>2,538,846</b>	<b>-</b>	<b>-</b>	<b>-</b>

## PZ Cussons Nigeria Plc

### Notes to the consolidated financial statements

#### Year ended 31 May 2013

#### Reconciliation of cash flows for the year ended 31 May 2012

	Adjustment reference	Group			Company		
		Nigerian GAAP N'000	Adjustment N'000	IFRS N'000	Nigerian GAAP N'000	Adjustment N'000	IFRS N'000
<b>Cash flows from operating activities</b>							
Profit before taxation		4,306,863	-	4,306,863	778,912	-	778,912
<b>Adjustment to reconcile net income to cash provided:</b>							
Depreciation		1,840,420	-	1,840,420	1,335,588	-	1,335,588
Intercompany transfer of fixed assets		-	-	-	(1,486)	-	(1,486)
Loss on disposal of fixed assets		15,535	-	15,535	24,434	-	24,434
Deferred tax reclassification	v	(250,408)	250,408	-	(250,408)	250,408	-
Unclaimed dividend forfeited		56,967	-	56,967	56,967	-	56,967
Interest expense		670,216	-	670,216	634,424	-	634,424
Interest income adjustment	iv	-	(480,479)	(480,479)	-	(90,524)	(90,524)
		6,639,593	(230,071)	6,409,522	2,578,431	159,884	2,738,315
<b>Changes in assets and liabilities</b>							
Decrease in trade and other receivables		7,775,228	-	7,775,228	7,812,959	-	7,812,959
Increase in deposit for letters of credit		(309,299)	-	(309,299)	(480,682)	-	(480,682)
Increase in inventories		(4,909,150)	-	(4,909,150)	(3,010,043)	-	(3,010,043)
Decrease in trade, other payables and provisions	v	(3,743,952)	(250,408)	(3,994,360)	(2,322,365)	(250,408)	(2,572,773)
<b>Cash flows from operating activities</b>		<b>5,452,420</b>	<b>(480,479)</b>	<b>4,971,941</b>	<b>4,578,300</b>	<b>(90,524)</b>	<b>4,487,776</b>
Tax paid		(1,992,698)	-	(1,992,698)	(1,202,113)	-	(1,202,113)
<b>Net cash generated from operating activities</b>		<b>3,459,722</b>	<b>(480,479)</b>	<b>2,979,243</b>	<b>3,376,187</b>	<b>(90,524)</b>	<b>3,285,663</b>
<b>Cash flows from investing activities</b>							
Purchase of fixed assets		(1,337,880)	-	(1,337,880)	(1,053,289)	-	(1,053,289)
Proceeds from sale of fixed assets		156,520	-	156,520	127,027	-	127,027
Interest income	iv	-	480,479	480,479	-	90,524	90,524
<b>Net cash used in investing activities</b>		<b>(1,181,360)</b>	<b>480,479</b>	<b>(700,881)</b>	<b>(926,262)</b>	<b>90,524</b>	<b>(835,738)</b>
<b>Cash flows from financing activities</b>							
Dividend paid to equity holders of parent		(2,731,688)	-	(2,731,688)	(2,731,688)	-	(2,731,688)
Dividend paid to non-controlling interest		(164,816)	-	(164,816)	-	-	-
Interest expense		(670,216)	-	(670,216)	(634,424)	-	(634,424)
<b>Net cash used in financing activities</b>		<b>(3,566,720)</b>	<b>-</b>	<b>(3,566,720)</b>	<b>(3,366,112)</b>	<b>-</b>	<b>(3,366,112)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,288,358)</b>	<b>-</b>	<b>(1,288,358)</b>	<b>(916,187)</b>	<b>-</b>	<b>(916,187)</b>
<b>Cash and cash equivalents at 1 June</b>		<b>3,811,169</b>	<b>-</b>	<b>3,811,169</b>	<b>3,296,493</b>	<b>-</b>	<b>3,296,493</b>
<b>Cash and cash equivalents at 31 May</b>		<b>2,522,811</b>	<b>-</b>	<b>2,522,811</b>	<b>2,380,306</b>	<b>-</b>	<b>2,380,306</b>



## PZ Cussons Nigeria Plc

### Statement of value added

### For the year ended 31 May 2013

	Group				Company			
	2013 N'000	%	2012 N'000	%	2013 N'000	%	2012 N'000	%
Turnover	71,343,088		72,154,601		71,343,088		72,154,601	
Other operating income	264,442		104,787		541,668		689,773	
Interest income	447,266		480,479		88,897		90,524	
Brought-in-materials and services:								
- Imported	(40,423,360)		(43,647,610)		(44,699,745)		(47,121,212)	
- Local	(15,720,196)		(15,327,096)		(17,383,234)		(17,692,146)	
<b>VALUE ADDED</b>	<b>15,911,240</b>	<b>100</b>	<b>13,765,161</b>	<b>100</b>	<b>9,890,674</b>	<b>100</b>	<b>8,121,540</b>	<b>100</b>
<b>APPLIED AS FOLLOWS:</b>								
<b>To pay employees:</b>								
- Salaries, wages and other benefits	6,200,489	39	6,947,662	50	4,507,363	46	5,372,616	66
<b>To pay government:</b>								
- Income and education taxes	2,331,861	15	902,341	7	1,382,344	14	66,261	1
<b>To pay providers of capital:</b>								
- Interest cost	217,735	1	670,216	5	470,962	5	634,424	8
<b>Retained for replacement of assets and business growth:</b>								
- Deferred taxation	(2,783)	-	865,676	6	(36,170)	-	-	-
- Depreciation	1,842,751	12	1,840,420	13	1,344,728	14	103,119	1
- Non controlling interest	446,147	3	128,348	1	-	-	1,335,588	16
- Profit attributable to members	4,875,040	31	2,410,498	18	2,221,447	22	-	-
							609,532	8
	<b>15,911,240</b>	<b>100</b>	<b>13,765,161</b>	<b>100</b>	<b>9,890,674</b>	<b>100</b>	<b>8,121,540</b>	<b>100</b>

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.

## PZ Cussons Nigeria Plc

### Five year financial summary - Group

### Year ended 31 May

	IFRS 2013 N'000	IFRS 2012 N'000	IFRS 2011 N'000	N-GAAP 2010 N'000	N-GAAP 2009 N'000
Non-current assets	24,370,445	24,360,347	25,034,942	24,737,693	21,511,819
Current assets	47,925,975	40,046,450	43,891,587	34,230,820	33,384,390
<b>Total assets</b>	<b>72,296,420</b>	<b>64,406,797</b>	<b>68,926,529</b>	<b>58,968,513</b>	<b>54,896,209</b>
Equity attributable to equity holders of parent	44,116,061	40,929,117	41,193,341	38,707,544	35,565,450
Non-controlling interest	2,320,796	1,938,925	1,975,393	1,623,408	1,574,226
Non-current liabilities	4,462,476	4,426,381	3,573,892	3,369,160	2,812,808
Current liabilities	21,397,087	17,112,374	22,183,903	15,268,401	14,943,725
<b>Total equity and liabilities</b>	<b>72,296,420</b>	<b>64,406,797</b>	<b>68,926,529</b>	<b>58,968,513</b>	<b>54,896,209</b>
	IFRS 2013 N'000	IFRS 2012 N'000	N-GAAP 2011 N'000	N-GAAP 2010 N'000	N-GAAP 2009 N'000
Turnover	71,343,088	72,154,601	65,877,984	62,667,910	63,800,733
Profit before taxation	7,650,265	4,306,863	8,025,266	7,951,448	7,671,087
Profit after taxation (attributable to members)	4,875,040	2,410,498	5,217,530	5,301,742	4,818,611
<b>Per 50K Share</b>					
Earnings per share (Naira)	1.23	0.61	1.64	1.68	1.52

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares outstanding at the end of the reporting period.





# LUXURii



- **Sensor Clean**  
Automatically detects dirt extent of fabrics and adjust machine to required cleaning/wash time.
- **Anti Mildew Technology Door Gasket**  
Prevents mildew on door lint if door is not cleaned after use.
- **Sport Wash Function**  
Washes lightly dirty clothes in 25mins.

- **45 Door Opening**  
No bending required when loading and offloading clothes.
- **Smart Memory System**  
Cycle continues from where it stop before power outage.
- **Electromagnetism Door Lock**  
Press and hold the pause button for 2 seconds to add clothes before or during wash cycle.



*...part of your life*

# Corporate Social Responsibility



## PZ Cussons Chemistry Challenge 2013 Progresses to Semi-final

An initiative of PZ Cussons Foundation, the corporate social responsibility arm of PZ Cussons Nigeria Plc, PZCCC is a three-stage competition for chemistry students in the first two years of senior secondary school education. The inaugural edition is being conducted in Lagos State but it would become a pan-Nigerian project in later years.



## Advancing teaching & learning through ICT in Jigawa State College of Education, Gumel.

In November 2012, PZ Cussons in partnership with VSO Nigeria launched a one-year project on ICT and infrastructure development to support the Gumel College of Education, Jigawa. The main objectives of the project were to set up an Information Communication Technology (ICT) Unit for the college that can sustain the training of the staff and students of the College. Secondly, this project was purposed to digitalized information management in the college which includes students' registration, a working database for the college, etc.





# Our Focus Brands



Embedded in the CoolWorld vision is a need to spread geographically around Nigeria within the first 5 years. The Eastern part of Nigeria has a population of about 20 million (13% of Nigeria's population).

Enugu has a population of 5 million (3% of Nigeria's population). 55% of National Budget is being allocated to the Eastern part of Nigeria. With the Real Estate sector booming rapidly in Enugu and its environs, we see an untapped opportunity to grow our business with additional income.



## Elephant and Coolworld making the perfect partnership

In December, our local detergent brand Elephant appeared in our Coolworld stores for the launch of our first to market Elephant Automatic Washing machine powder. Accompanied by eye-catching point of sale, customers who bought a Front Loader washing machine from Coolworld were given a free pack of Elephant Auto as the recommended washing brand to accompany their new purchase. The aim was to encourage consumer trial as well as building trust in the brand. The partnership between our leading Coolworld stores and our well known fabric detergent brand, proved to be a successful one, with locally produced Elephant quickly gaining market share versus imported brands.



Nunu milk from the stables of Nutricima Limited was the first launched brand for the business and has been the flagship brand since business inception in 2005. Nunu exist in both powder and evaporated milk formats. Nunu milk is premium quality milk product containing calcium and key vitamins and minerals for the wellbeing of children in their growing up years. Nunu was re-launched in 2010/11 into a more vibrant packaging and introduced evaporated milk in Tetra-pak. Nunu over the years has engaged numerous activities with Kids through various platforms including School activities, festive activities, World milk day celebration etc and special activities like support for school nutrition initiatives, Inter-house sports and prize-giving days, Special needs children.

Nunu... Nutrition Nurture



## Launch of Carex

We aim to enhance the lives of our consumers with innovative products; Carex, our leading antibacterial handwash is a great demonstration of how our global footprint combined with local knowledge, has allowed us to satisfy a need across a diverse range of consumers and geographies. No less so than in Nigeria where we launched Carex in November 2012 in Original, Aloe and Protect Plus variants to 3000 outlets. The launch not only included marketing media, but incorporated an integrated consumer health education programme, promoting the importance of good hand hygiene in personal and family care. PZ Cussons is first to market with a locally manufactured liquid handwash, already reaching 20% market share.



## Morning Fresh Relaunch

Sharing innovation across continents, Morning Fresh was relaunched in Nigeria in September 2012 taking on the form of the iconic Australian bottle in Original and Lemon variants available in 3 pack sizes.

A full campaign was implemented, including full instore branding and merchandising and external branding on buses, vans and billboards. Radio advertising also aired in 5 local languages. With the strapline "every drop cleans so much more", consumers embraced the new handy pack and fresh variants, increasing market share in this product category to 59%, ahead of previously leading competitor Good Mama, with NNS growth of 11%.





**NEW**  
**Brilliant Whites**  
and Freshness



**Take the Zip White-O-Meter Test Today!**



Put your Clothes to the Zip White-o-Meter test .  
See how white they really are - Just clean, white or Zip white!

**Quality White Detergent**





## Share Capital History

### For the year ended 31 May 2013

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 were 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

NEW

# CANOE

## Complete Care

NEW

**CANOE**  
Extra Care  
Cares for your delicate fabrics

NEW

**CANOE**  
Active Fresh  
For fresher smelling laundry

NEW

**CANOE**  
Avalokarini  
Cares for your sarees and special clothes

SOAPS

DETERGENT



- ✓ 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**



## 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		
28/11/92	Bonus of 1 for 4	2001	32
25/11/93	Bonus of 1 for 4	2002	33
24/11/94	Bonus of 1 for 4	2003	34
23/11/95	Bonus of 1 for 4	2004	35
19/02/97	Bonus of 1 for 4	2005	36
04/09/00	Rights issue for cash	2006	37
25/11/02	Bonus of 1 for 5	2007	38
18/11/04	Bonus of 1 for 4	2008	39
28/03/06	Rights issue for cash	2009	40
20/09/07	Bonus of 1 for 4	2010	41
15/09/11	Bonus of 1 for 4	2011	42
		2012	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 1999 and payable from 2000 (Dividend Number 31) which remain unclaimed will therefore cease to be recoverable by this year (2013/14). This unclaimed dividend will be credited to General Reserves in 2013/14. The dividend payment and value of unclaimed dividends in this category are as follows:

<u>Dividend Number</u>	<u>Value(N)</u>
Dividend number 31	<u><u>24,067,462</u></u>



### *Live healthy with low-fat milk*

Olympic milk provides the best possible option if you are looking for the **goodness of milk**, **without any worries** about its high fat content. Our brand of milk offers **low-cholesterol** yielding milk and affords you the opportunity to take time out to enjoy the little things that matter. Use Olympic milk for your favourite meals and savour the taste of milk that leaves you feeling like a winner.

*Live healthier everyday*



## Some Major Distributors

### Aba

MR. H. NWACHUKWU  
MARASON NIG. ENTERPRISES  
L. O. NWOKEFORO  
JABNEEL FOODS & COSMETICS  
CHIEF G.O. NWALIE

### Abuja

AMOS INVESTMENT CO.  
CYNOD LINK GLOBAL ENT.  
CHINEME OGO NIG. ENT.  
FOMI ENTERPRISES  
MR. DONATUS I. UGWUOKE

### Akure

YABOLA VENTURES ENT.  
GG CO.  
BLESSED TELEX NIGERIA LTD.  
WABAYO STORES

### Benin

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

### Calabar

MR. ITA JOHN UDO EKANEM  
PRINCE UMOR VENTURES

### Enugu

E. N. CHIBUEZE  
JOHN NEVO C. U.  
M. N. ADUAKA  
MR. C. U. EKEZIE

### Gombe

ALH. UMARU BABAWURO PROV. STOR  
ALH. B. M. DANKOLI

### Gusau

ALH. ISA SAMAILA

### Ibadan

MRS. BIODUN BOLARINWA  
INDAR INT'L VENTURES  
EMMAKO INVESTMENT NIG. LTD.

### Ilorin

SEA LAM UNIVERSAL BUSINESS  
L. A. AJIBOLA (MRS.)  
ALHAJA MARIAM SHAGAYA

### Isolo

DENCO DRUGS CO. NIG. LTD.  
FOLYMA PHARMACY & STORES LTD.  
ALHAJA S. A. SULAIMAN  
BAYLOGS INVESTMENT LIMITED  
OHALE INVESTMENT LTD.  
ADEK STORE  
MRS. BINTU ABIKE AMUSAN  
ALHAJA BASHIRAT LAWAL  
BUKOM DAY VENTURES  
DIVINE CHOSEN FAVOUR  
AXXESS NIG. STORES

### Jos

ALH. ALI ADAMU MOHAMADU  
I. A. ADEJUMO & SONS  
J J NNOLI & SONS  
ALH. KHALID YUSUF

### Kaduna

OLADUNNI & SONS ENT.  
ANCHAW GEN. ENT.  
KEMI YUSUF

### Kano

BALA MAIGISHIRI & SONS  
ALH. UMARU MAITURARE  
ALHAJI IBRAHIM BABANGIDA  
ALH. YUSUF ABDULAH  
G.F. M ORGANISATION

### Lokoja

DAMAKO GEN. MERCH. NIG. LTD  
JONASCO VENTURE NIG.

### Maiduguri

ALH. UMARA GAJI  
ALH. BUKAR KARAS  
ALH. GARBA KACHALLAH & SONS  
ALHAJI BULAMA BUKAR

### Makurdi

E. C. N. ENTERPRISES  
EKEZIE ENTERPRISES  
ALH. SALE GARBA

### Minna

ALHAJI MALALI TUKUR  
ALH. ABDULLAI NA ALH MUSA

### Onitsha

ONYEBUCHI OJOBOR  
UZODIMMA OKEKE  
MR. CYRIL C AJERO  
ROBERT O. AGWARAMGBO

### Osun State

OLUWABUKUNMI VENTURES

### Port Harcourt

MONDAY OSAI  
MARK EGBUJOR  
MRS. P. O. KONYEHA  
G.C.A. STORES  
MRS. TERESA N. OKEKE

### Sokoto

ALH. ADAMU MAITURARE  
ALH. GARBA DANKANE JEGA  
IBRAHIM ACHIDA  
LABARAN TRADER

### Warri

CEEJAY GLOBAL RESOURCES  
OSHEPOS NIGERIA ENTERPRISES  
MRS. MARGARET ODUVWU

### Yola

ALH. BUBA JALINGO  
ALH. ILU YUNUSA  
ALH. SANI HUSSAINI  
ALH. MUSTAPHA MUSA RAMBEE

### Zaria

M/S AMOS NDUKAUBA & SONS



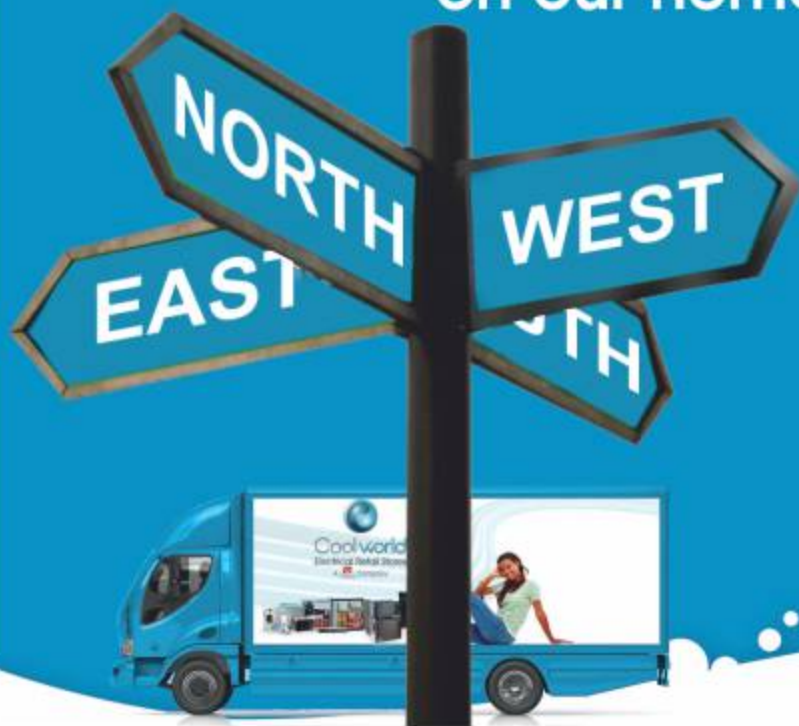


# pick & pay within 6 months

Be part of this great offer by visiting any of  
our outlet closest to you.

Pay 25% of the total cost and spread the balance over 5 months.

Enjoy upto **72 Hours** Nationwide Delivery  
on our home & office appliances  
within Nigeria!



## Our Promises

Link to Website



Customer Care Hotline:

**01-882 2080**

[www.coolworldelectricals.com](http://www.coolworldelectricals.com)



**Coolworld**  
Electrical Retail Stores

A **PZ** CUSSTON Company

307a Adeola Odeku Street, Victoria Island, Lagos. Tel: 01-7358655, 81 Allen Avenue, Ikeja, Lagos. Tel: 01-8441385,  
Plot 42, Oba Adebimpe Street, Dugbe, Ibadan. Tel: 02-8771781, 7/8 Sanni Abacha Way, P.O. Box 37, Kano. Tel: 064-895129,  
Plot 234, Samuel Ademulegun Street, Central Business District, Abuja. Tel: 09-8734254, 5 Okpara Avenue, Enugu. Tel: 042-291293  
Customer Care Hotline: 01-882 2080



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 65th Annual General Meeting of the company to be  
held at 10.00 a.m. on Thursday, 26th September, 2013  
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.		
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.		

\*\* 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.

As witness my/our hand(s) this.....day of September, 2013

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



Affix postage  
stamp here

The Company Secretary,  
PZ Cussons Nigeria Plc,  
45/47, Town Planning Way,  
Ilupeju Industrial Estate,  
P.M.B. 21132,  
Ikeja.