Creating sustainable value for all

PZ Cussons Nigeria Plc is a household name which has in its over 116 years of existence in Nigeria become associated with high quality and life-enhancing consumer products and home appliances. We are a significant player in the West Africa sub region satisfying the needs and aspirations of the consumers of our products. Our brands and products are the focus of continuous innovation so that we are always well positioned to respond quickly to changing consumer demands. Our world class supply chain and distribution network enables us to launch new products in the market at affordable prices.

About us

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 and enhancing the lives of our employees, consumers and all other stakeholders, by living and breathing our shared values, every day.

Values
Courage, Accountability, Networking, Drive and Oneness (CAN DO) – are inspired by the spirit of our founders Paterson and Zochonis. Our CAN DO culture is something we're very proud of – the unifying strength that binds our diverse businesses around the world together.

Contents

COMPANY PROFILE

Who we are

PZ Cussons Nigeria Plc is the largest subsidiary of the PZ Cussons Group UK. The Company has enjoyed tremendous business successes in Nigeria for over a century and has established unrivalled consumer loyalty to its wide range of innovative products over this period.

Our Strategic Business Units

We run a Strategic Business Unit (SBU) structure to relentlessly focus and drive ourselves towards achieving profitable growth in all our product categories.

The SBUs include our Family Care business with the traditional soaps, detergent and toiletries ranges like Imperial Leather, Premier, Morning Fresh, Robb and Carex; TEC Appliances SBU, known for the Haier Thermocool range of fridges, freezers, air conditioners and other small electrical appliances; Nutricima SBU manufacturing and marketing our range of powdered and evaporated milk and yoghurt drinks – Coast, Nunu and Yo!; and PZ Wilmar SBU manufacturing a range of branded edible oils products – Kings Vegetable Oil and Mamador Vegetable and Palm Oil. Cool World, which provides the ultimate shopping consumer experience, is the retail arm of PZ Cussons Electrical unit. The Company has an efficient distribution network which facilitates on time delivery of its finished products throughout Nigeria.

Our history

The Company commenced operations in Lagos, Nigeria in 1899 as a trading company in the business of the exportation of palm produce, ground-nuts, hide-skin and timber to Europe and the importation of European textiles and foodstuffs to Nigeria. It ventured into manufacturing in 1948 when it invested in and later took over the business of PB Nicholas & Company, a soap manufacturing company based in Aba.

PZ Cussons was listed on the Nigerian Stock Exchange in 1972 and as at 31 May 2015 it has a shareholders base of over 76,000 shareholders with a paid up capital of N1.985 billion and market capitalisation N119.1 billion. PZ Cussons is in the category of companies that have a record of uninterrupted payment of dividends for over 40 years.

Head office renovations

From our old historical offices to our ongoing modernisation at our Head Office in Ilupeju.

Operational highlights

The following recent significant developments/initiatives of the Company are noteworthy:

- **Soft wrap soap upgrade** to increase capacity and efficiencies.
- **Commissioning of new production lines** for assembly of refrigerators and air conditioners to expand our capacity and deepen our market penetration.
- **Detergents efficiency project** for the purpose of supplying multi-lane detergent packing machines to improve efficiency.
- **Built and fully commissioned new sulphonation plant** to improve on the quality of detergents.
- **Invested in further expanding our power production plant** to meet with our growing requirements.

Corporate Social Responsibility

In line with PZ Cussons' commitment to its Corporate Social Responsibility programme, the PZ Cussons Foundation was inaugurated in November 2007. It is managed by a 15 member Board of Trustees made up of individuals of proven integrity and excellent track record who serve as a rich resource base for the Foundation's overall vision.

The aim of the Foundation is to discharge the corporate social responsibility (CSR) of the Company by supporting projects in the areas of roads and other infrastructural improvements like water and sanitation, health and education. As at March 2015, the Foundation had delivered over 48 projects spread across different locations around the country including the PZ Cussons Chemistry Challenge, the collaboration with Concern Universal on the Global Hand washing campaign and the support of ICT education and infrastructure in higher education institutions.

FINANCIAL HIGHLIGHTS

Another year of progress

Reported results

Revenue	Operating profit	Profit before taxation	Basic and diluted earnings per share
2015: N73,126m	**2015:** N6,651m	**2015:** N6,557m	**2015:** N1.02
2014: N72,906m	**2014:** N6,302m	**2014:** N6,950m	**2014:** N1.16
% change: 0.3%	**% change:** 5.5%	**% change:** (5.7%)	**% change:** (12.1%)

Statutory results

Operating profit	Profit before taxation	Basic and diluted earnings per share	Final and Interim dividend per share*	Net asset**
2015: N6,651m	**2015:** N6,557m	**2015:** N1.02	**2015:** 81k	**2015:** N43,672m
2014: N6,301m	**2014:** N6,949m	**2014:** N1.16	**2014:** 81k	**2014:** N42,539m
% change: 5.5%	**% change:** (5.7%)	**% change:** (12.1%)	**% change:** 0.0%	**% change:** 3.0%

* Final dividend of 61kobo per share for 2015 proposed is subject to approval by the shareholders at AGM.

** Net asset is total asset less total liability.

CHAIRMAN'S STATEMENT

We remain focused on delivering a strong performance

Our distinguished shareholders, distinguished ladies and gentlemen, on behalf of the Board of Directors, I welcome you to the 67th Annual General Meeting (AGM) of our Company. Before I present to you the Annual Report and Financial Statements for the financial year ended 31 May 2015, I wish to briefly review the business environment under which the Company operated.

Business environment

The rebasing of the country's GDP which finally took place in 2014 highlighted the full extent of the size, structure and sectoral distribution of growth in the economy. Many previously undocumented services such as entertainment and professional services emerged as sources of potential growth. This exercise showed that Nigeria has significantly grown and diversified the structure of its national output, making it the largest economy in Africa.

However, fundamental challenges still exist and continue to impact on the full realisation of the economic potential of the country. We have not sufficiently diversified the country's export base, which remains dependent on crude oil. This makes the economy vulnerable to fluctuations in the global oil price. Additionally, infrastructure deficiencies at the ports, roads and power generation/distribution increase the cost of doing business.

The decline in the international price of crude oil led to a sharp decline in government revenue resulting in a significant reduction in foreign currency reserves and the devaluation of the Naira. Additionally, the government has increased the import duties on a number of products which impact, in particular, the white goods segment of the economy which, coupled with the devaluation, has significantly increased the cost of raw materials used in the manufacturing process.

In spite of the tough operating environment, increasing competition and security challenges in the north and middle belt, our Company remained focused on delivering a strong performance.

Operating results and performance

Consolidated top line grew by 0.3% from N72.9 billion to N73.1 billion in spite of the adverse economic conditions that prevailed during the year.

Our focus in driving shareholder value through improving efficiencies in the supply chain and continuous investment in brands that delight our consumers was sustained during the year. The white goods business experienced volume and top line growth despite increasing competition from global brands

CHAIRMAN'S STATEMENT *continued*

We are geared towards meeting our stakeholders' expectations

and cheap low quality imports. The Family Care business revenue was at a similar level to prior year despite the challenging macro environment and an extremely competitive market. Profit before taxation (PBT) dropped by 5.7% from N6.95 billion to N6.56 billion mainly due to the impact of significant exchange losses that were incurred due to the devaluation of the Naira during the year under review. Overall, it is gratifying to note that after taking into account the impact of the tough operating conditions and the competitive environment, our Company performed satisfactorily against peers in the sector. We are also well poised to sustain and improve on this base going into the future.

Our balance sheet remains strong with total assets of N67 billion and no debt. We have N1.7 billion of export rebates that are receivable from the Nigerian government included in our total assets. These are referred to in more detail in the notes to the accounts.

We maintain a strong cash position despite accelerated payments to foreign suppliers in the wake of the continued weakening of the local currency.

Dividends

The Board of Directors is recommending a final dividend pay-out of N2.4 billion, representing a payment of 61 kobo per share, at this AGM. Together with the interim dividend of 20 kobo per share (N794 million) paid in March, this brings the total dividend per share for the year to 81 kobo (2014: 81 kobo). If approved, the dividend will be paid to shareholders on 30 September 2015 after deducting the appropriate withholding tax.

Products

The business environment for the Fast Moving Consumer Goods (FMCG) sector was extremely challenging during the period under review. Our focus brands in the Personal and Home Care categories performed relatively well in line with expectations though we experienced some decline in our traditional trading brands and bulk detergent lines.

In Personal Care, we grew our Baby and medicaments categories and maintained our share in toilet soaps. The Premier range, especially Premier Cool Deo, continued its rapid growth in driving our market leadership in that segment. The Hot Robb variant accelerated our growth in the medicaments segment with the Robb range also maintaining its leadership of that market. The extension into gift packs of the Cussons Baby range enabled us to drive growth and endear the brand to our diverse consumers. The Cussons Baby soap remains the market leader in the baby soap segment. In our drive to improve and educate consumers on general personal hygiene, we anchored a number of activations and educational programs which has resulted in the Carex brand becoming a household name.

In the Home Care range, Morning Fresh and Canoe retained their market leadership in the dish wash and laundry bar categories respectively despite the entry of competitive brands. To meet the demands of our discerning consumers and drive new product development, we launched Premier Cool Deo Shower gels and Morning Fresh Antibacterial, and extended the Canoe brand into the laundry segment during the year.

In the white and brown goods market, we sustained top line growth by being a step ahead of the competition despite an influx of imported brands and the aggressive expansion programs of existing players. The depreciation of the Naira added further to the trade price. To fight competition, we introduced tropicalised consumer goods relevant to the Nigerian environment and made significant investments in new distribution channels. These strategies and tactics resulted in a growth in the washing machine and air conditioner segments.

The Board

During the year, the Chairman, Professor E.C. Edozien, OFR retired from the Board after 11 years as the Board Chairman. I was appointed as the Chairman as his successor. On your behalf, I thank Professor Edozien for his services and valuable contributions to the growth of the Company and wish him a healthy and peaceful retirement. In addition, Mr Mohammed Hayatu-Deen resigned from the Board after four years. We wish him well in all his future endeavours.

CHAIRMAN'S STATEMENT *continued*

Premier Cool Deo, Nigeria's No1 Bar soap, launched a shower gel range into this small but growing market

Staff

The good performance of the Company despite the difficult environment was made possible by our most valued asset, our employees, who continue to diligently serve and deliver on their objectives. The Company invested in leadership training programmes for senior managers in addition to several developmental programmes at junior levels during the year. The Graduate Management Trainee Scheme is in its ninth year and is helping the Company's succession planning programme; preparing the next generation of leaders.

Corporate Social Responsibility

From Lagos to Kogi States, Nassarawa to Adamawa on to Cross Rivers and Benue States, PZ Cussons Foundation stretched out its helping hands to communities by renovating, constructing and donating various infrastructural projects and meeting other societal needs during the year. Living up to its theme of going 'Beyond Social Recognition', the following projects were approved and completed:

- Safe Water and Improved Sanitation and Hygiene (SWISH) projects with Concern Universal in Cross Rivers and Benue States;
- 'Hand Washing Saves Lives' campaign with Concern Universal in Bekwarra and Logo local government areas of Cross Rivers and Benue States;
- 2014 edition of the Annual PZ Chemistry Challenge for Secondary Schools in Lagos State;
- renovation of the burnt Kaduna Hostels at the Government College, Keffi;
- donation of a block of classrooms and library to Okuta Dudu High School, Odo Ere, Kogi State;
- construction of a Youth Skills Centre at Onikan, Lagos State; and
- construction of a Primary Health Centre in Bosso LG, Minna Niger State.

The future

The events and developments post-election period have strengthened our confidence and increased our level of optimism. We are geared towards meeting our stakeholders' expectations by deploying the right strategic and tactical plans to deliver a strong performance in the coming years.

The optimisation of our supply chain processes will continue leading to improvement in operational efficiencies. We will also continue to invest in core brands and growth categories through our planned extension into new routes to market, ensuring a minimisation of our cost base. Additionally, as we are part of a global business, we are adapting our management structure to reflect a consumer led organisation. The impact of this is that brands which have a global presence will be managed centrally, thus reducing the cost of implementing consumer relevant product innovations and offerings, and a similar approach will be adopted for regional brands. The supply chain is being integrated into a single structure across the globe and the sales function will align across defined route to market strategies with consistent ways of working. Although we are 'centralising', local insights will have a significant bearing on the New Product Developments (NPDs) to ensure that our consumer needs in local markets are the driving force of our investments.

Conclusion

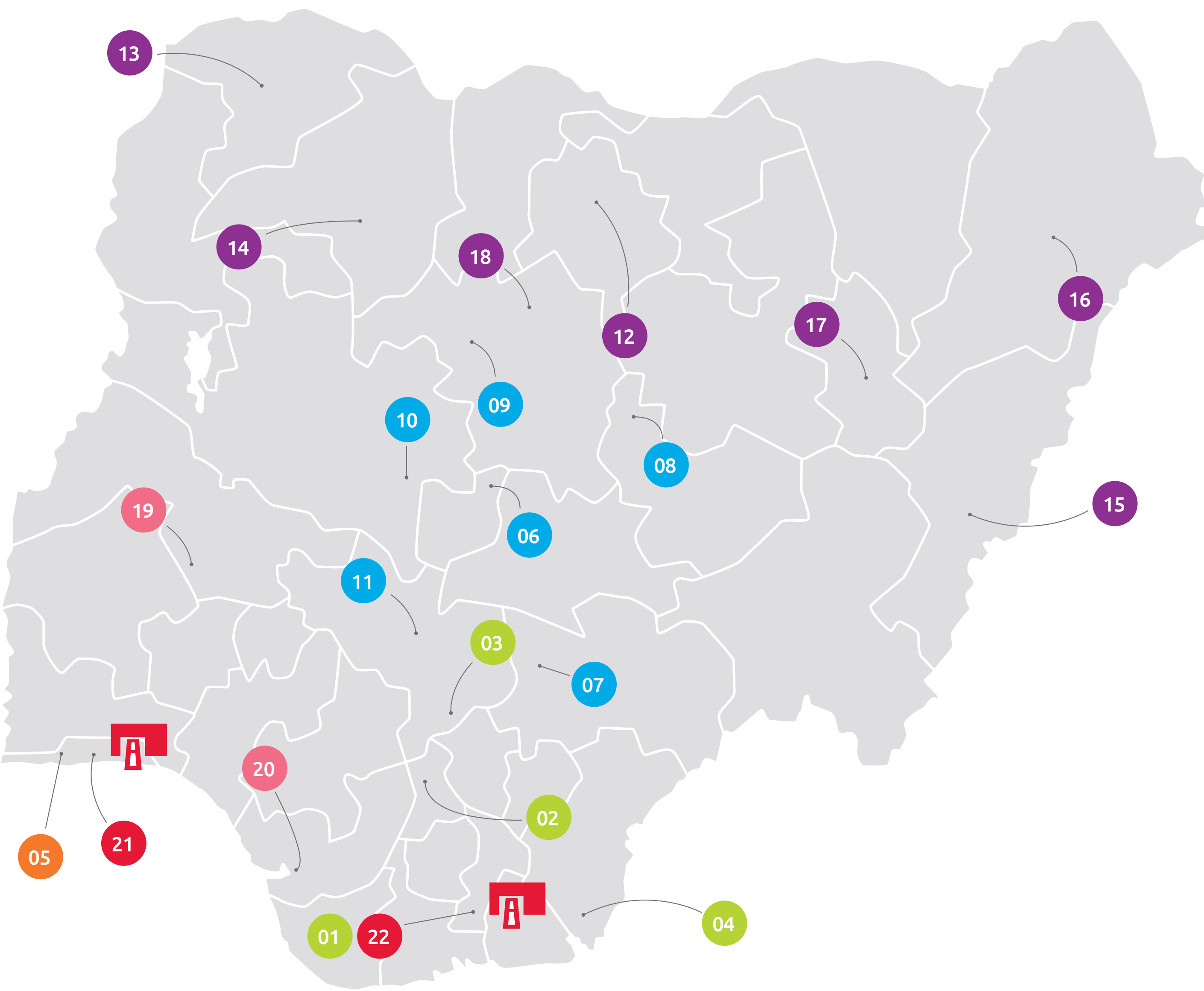
In concluding, I will like to thank our parent company, PZ Cussons Plc for continuing their faith in our country and for their unwavering support for our efforts. My appreciation also goes to all other stakeholders who contributed in one way or another to the success of our business. I would like to express my appreciation to the distributors for their unflinching support and loyalty; to the management and staff for their dedication to duty and to the consumers for their trust in the use of our products.

Finally, I would like to thank my colleagues on the Board and members of the Audit Committee for their support and cooperation during the financial year. I am confident that together, we will deliver an improved performance in the next financial year.

Chief (Dr) Kola Jamodu, CFR
Chairman
20 August 2015

GROWTH IN OUR GEOGRAPHIES

1. Delivering growth and expansion...



We operate in the markets that will give us the highest growth potentials. We do this through our own infrastructure or by working in close partnerships. We are slowly evolving and transforming our distribution networks to achieve our planned expansion growth.

Depots

Eastern
- **01** Aba
- **02** Onitsha
- **03** Enugu
- **04** Calabar

Lagos
- **05** Isolo

Middle belt
- **06** Abuja
- **07** Makurdi
- **08** Jos
- **09** Kaduna
- **10** Minna
- **11** Lokoja

North
- **12** Kano
- **13** Sokoto
- **14** Gusau
- **15** Yola
- **16** Maiduguri
- **17** Gombe
- **18** Zaria

West
- **19** Ibadan
- **20** Warri

Distribution centres

- **21** Ikorodu
- **22** Aba

GROWTH IN OUR GEOGRAPHIES

….through evolution – the PZ way

Our success lies in our unique approach; we're always looking for new and better ways to enhance our consumers' lives – it's all about adding a little bit of extraordinary to every day.

Distributors

Transforming our distributor networks

Having been successful in driving growth via the open markets and wholesale we are now primarily focused on our consumers and an expansion into modern and neighbourhood retail. Our Active Distributor scheme has increased product accessibility and availability to our key target audience.

Our vision

Our vision of fewer, bigger, better

Reviewing our distributor base was tough and challenging. The urgent need to get the right number of active customers to take the Company to the next level of growth required months of training sessions for fewer, bigger, better and more profitable trade partners who are capable of investing in resources, infrastructure and the right mind-set.

Retail

Improved presence at retail

The increasing presence of our Family Care brands at retail level is gratifying. From Morning Fresh and Carex, to Premier Cool Deo and Zip, our brands continue to dominate targeted modern retail outlets.

No1 & No2 IN OUR CATEGORIES

2. Leveraging our market leading brands…

Personal Care

From well-known international family brands like Imperial Leather, Cussons Baby and Carex, through to local brands for specific markets – such as Premier Cool and Robb – we develop innovative products adding a little bit of the extraordinary to every squirt, bubble, sparkle and fizz.

Home Care

We have been helping families keep their homes clean and fresh for many years with our market-leading home care products ranging from dish washing to fabric care and general cleaning needs in the homes. Over the years to meet the local demands of our consumers, we have developed other brands like ZIP, Canoe, and the popular Elephant detergent. New product development is vital to our relevance in this segment.

We operate in selected categories where our brands have a strategic advantage and can achieve No1 or No2 market share position.

Our four selected categories are:

- Personal Care
- Home Care
- Food & Nutrition
- Electricals (Africa only)

Food & Nutrition

The Food & Nutrition comprises of two business units which are PZ Wilmar Limited and Nutricima. While PZ Wilmar is a Joint Venture between PZ Cussons and the edible oil giant Wilmar International, Nutricima is fully owned by PZ Cussons (acquired on 31 March 2015). Both businesses currently play in the edible oil, dairy and Ready-to-Drink categories. The business unit deploys world class production process into manufacturing high quality products that guarantee nourishment, wellbeing, refreshing and memorable moments of all the family members. Our brands are household names in Nigeria and they include Olympic, Nunu, Coast, Mamador and Devon King's.

Electricals

HPZ Limited is a Joint Venture between PZ Cussons Nigeria Plc (Thermocool) and the Haier Group. Nigerian consumers have trusted the Thermocool brand of freezers, fridges and Air conditioners since the 1970's and have selected it as the preferred choice for the past 40 years. The Haier home appliances brand has also experienced phenomenal growth and is currently the third largest white goods manufacturer worldwide producing over 30,000 products including Televisions, DVD's, Microwaves, and Computers.

The partnership between these two world-famous companies through the Haier Thermocool brands aims to deliver quality, reliability, service, innovation and customized solutions to all Nigerian households and beyond.

Read more on pages 14-15

LEADERSHIP IN OUR CATEGORIES

…across all our categories

We have a large and very diverse single market, operating in Personal Care, Home Care, Food and Nutrition, and Electricals, for over 100 years.

Personal Care

Premier

Our unique Premier soap range, especially Premier Cool Deo, leading antibacterial hand-hygiene Carex range and our Cussons Baby range are a few examples of our focus brands under the Personal Care unit. We have been continuously innovating in this category and discovering ways to enhance consumers' lives through such great products. We also pride ourselves on having our very own Fragrance range – Venus Gold.

Home Care

Emerging markets

We have a strong history of delivering pioneering and accessible solutions for home care. Our product range includes the leading dish wash brand Morning Fresh, Zip detergent and our colourfast solution in the laundry sector, Canoe. We understand the challenges that home cleaning can present and have developed an easy to use, effective range of products that our customers rely on as family-favourite and trusted household must-haves.

Food & Nutrition

Electricals

Mamador

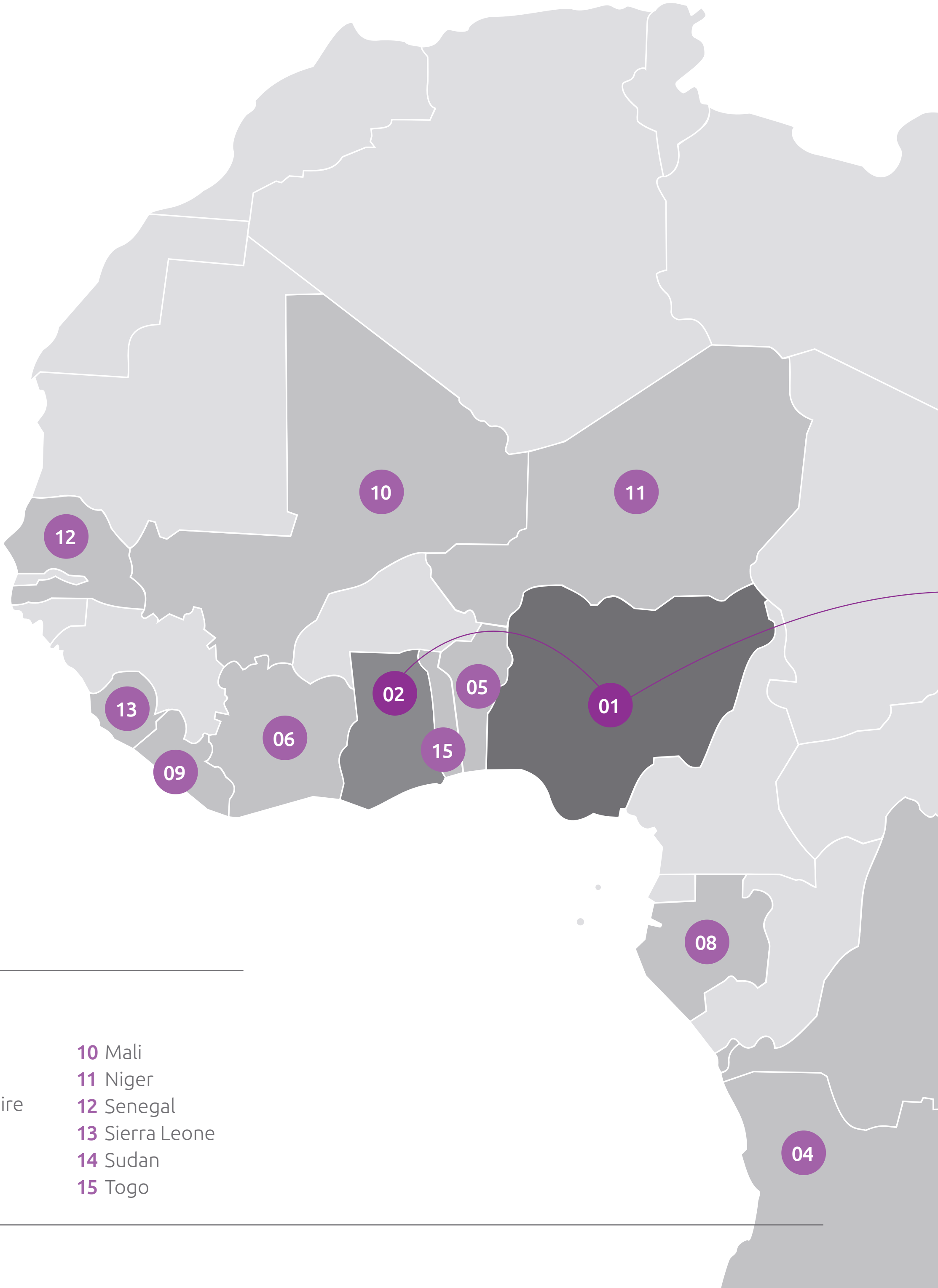
Mamador is the new number one vegetable oil. It is the superior quality, 100% pure, edible cooking oil from PZ Wilmar Limited. For our products, we have taken care to ensure that every single stage of our production process, from selection through to new tamper proof packaging, is carried out to unrivalled quality standards. Our brand is all about new, world class production standards, delivering superior quality, purity, and taste.

Thermocool

Our leading brand Thermocool combines cutting edge technology and innovation to address everyday household challenges – and thanks to a partnership with Haier, we're leading the way in washing machines, refrigerators and more. Our CoolWorld electrical retail stores in Nigeria provide a modern shopping environment with trusted service and finance options for our consumers to access quality electrical goods.

IMPROVING EFFICIENCY THROUGHOUT OUR SUPPLY CHAIN

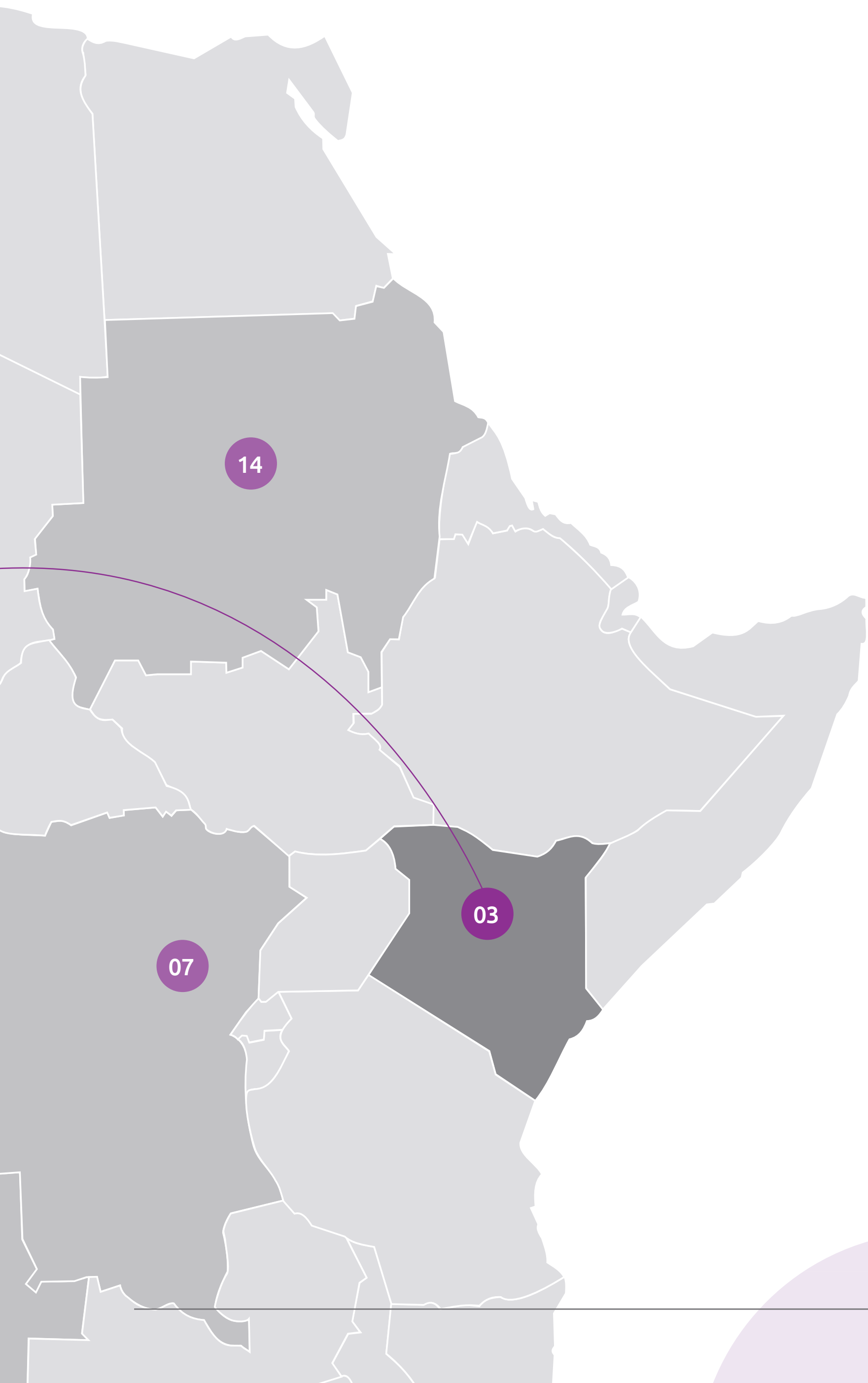
3. Creating a world class supply chain...



Manufacturers/ distributors
01 Nigeria
02 Ghana
03 Kenya

Export countries
04 Angola
05 Benin
06 Côte d'Ivoire
07 DR Congo
08 Gabon
09 Liberia
10 Mali
11 Niger
12 Senegal
13 Sierra Leone
14 Sudan
15 Togo

We are building an agile supply chain that delivers great service to our customers, through partnering with our suppliers and investing continuously in modern manufacturing technologies and processes that assure good quality products in all our categories. Supported by an ultra-modern warehousing facility and agile fleet that guarantees fast deliveries to our customers, we enable great customer service delivery that wins in the marketplace.



IMPROVING EFFICIENCY THROUGHOUT OUR SUPPLY CHAIN

…to optimise business and operational efficiency

We never assume that one size fits all. Instead, we identify local consumer needs and evolve brands to lead in their markets. The results? Consumer delighting products, delivered quickly, thanks to a flexible supply team and our team's CAN DO attitude.

Supply management

We believe in partnering with our suppliers to bring value into the business

Recently, through a collaborative partnership with one of our suppliers, we built in an ultra-modern sulphonation plant in house, employing world class technology to achieve top quality feed stock for our detergent plant. In partnership with our suppliers we backward integrate to maximise value creation for the business.

Manufacturing

We believe that our manufacturing capability is the winning edge

We continually update and invest in our manufacturing plants, making them market leaders in our categories, which gives us both cost and quality advantages in the market.

We leverage our global technical expertise to translate our dreams into reality.

Customer Services & Logistics

We believe that the ultimate competitive advantage lies in our customer services

We are evolving customer services strategy that relies on modern warehouse facilities with the latest handling and storage technologies and systems, supported by an agile transport fleet in partnership with logistics providers, and customer services policies and operations management that guarantee speed for our customers and markets.

OUR CAN DO VALUES

Living our values...

CAN DO!

Courage, Accountability, Networking, Drive and Oneness. That's CAN DO. And it's much more than just a phrase on a poster or a logo on a mug – it's the spirit that binds us and makes a PZ Cussons team recognisable and distinctive from any other organisation.

Our people, our future

One of our biggest differentiators, contributing to our continued success is our employees. Within the business we have 1,869 like-minded, talented people working as a global family, living our CAN DO values and operating within the framework of our global behavioural competencies. These competencies drive the way we live our values and manage our talent, from recruitment to development and performance management.

Our unique culture enables employees to grow and move within the organisation, helping them to expand their experience and to fine tune their talents while sharing knowledge and successes.

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.

Accountability

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

Networking

We are one Company across all functions and geographies, working towards a common goal through co-operation and teamwork.

Drive

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

Oneness

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

CORPORATE SOCIAL RESPONSIBILITY

2014 PZ Cussons Foundation

It was an exciting year for PZ Cussons Foundation. From Lagos to Kogi State on to Nassarawa, Adamawa, Benue and Cross Rivers States, seven very exciting projects were approved and completed. Four have been commissioned and gratefully received by the members of the respective communities.

Partnership with Concern Universal

PZ Cussons Foundation partnered with Concern Universal on the SWISH (Safe Water and Improved Sanitation and Hygiene) project. The project, which falls under the RUSHPIN (Rural Sanitation Hygiene Promotion In Nigeria) scheme is aimed at transforming the health of 2.2 million people in Cross River and Benue States. It is targeted to:

- increase sanitation coverage by igniting sustainable behaviour change;
- improve hygiene behaviour, especially hand washing with soap;
- strengthen the capacity of local & state government agencies and local CSOs; and
- mobilise public and private resources for water, sanitation, and hygiene.

'Hand Washing Saves Lives' campaign with CAREX

In celebrating the 2014 Global Hand Washing Day, PZ Cussons Foundation under the CAREX handwash brand partnered with Concern Universal to campaign the 'Hand Washing Saves Lives' program in September and October 2014.

Two of Nigeria's leading celebrities, Sunny Nneji and 2Face Idibia in identifying with the program led Global Hand Washing Day celebration events in Bekwarra LGA in Cross Rivers State and in Logo LGA in Benue State. Each event featured over 500 students from 25 communities who, with the Carex brand, became 'hygiene heroes', acting as change agents for their schools, families and communities.

SWISH campaign

The SWISH Approach is to sustainably integrate hand-pump boreholes with sanitation & guarantee hygiene behavioural change. Nine communities have been identified and are beneficiaries of the 2015 programme.

2015 Education CSR: construction, renovations and commissioning of infrastructure

Of the Foundation's four chosen areas of intervention, namely education, potable water supply, health and road rehabilitation, over 70% of the available funding is allocated to education. The increasing demand for access to education has put enormous pressure on facilities and other structures essential for learning in rural areas. The Foundation's intervention aims to ease the problem of classroom congestion, hostel accommodation and other facilities such as libraries that are either over-stretched or totally absent.

Onikan Youth Centre

The beautifully finished Youth Centre constructed by PZ Cussons Foundation with the collaboration of the state government has drastically changed the landscape in the Onikan area of Lagos State. Intended to aid in skills acquisition, mentoring and leadership programs and encourage a healthy lifestyle, the centre boasts a skills room, gym, offices and an event centre that can be commercially deployed to fund the maintenance of the building. The centre will benefit the area's young people.

PZ Cussons signs MOU to upgrade laboratories in three Nigerian institutions

On 4 May 2015, PZ Cussons Nigeria Plc through its Foundation signed an MOU with the National Office for Technology Acquisition and Promotion (NOTAP) to upgrade chemical laboratories in three Nigerian institutions. The intervention is to assist the institutions acquire and install state-of-the-art equipment to facilitate the conduct of robust research activities that will produce high calibre students and researchers. The three benefitting institutions are the University of Calabar, Modibbo Adama University of Technology, Yola and the National Research Institute for Chemical Technology, Zaria.

Kaduna Hostel, Government College Keffi

PZC Foundation was requested to aid in restoring the fading glory of the 64 year old college located in Keffi some kilometres from the Federal Capital Territory. The hostel facility was in a state of dilapidation arising from a fire outbreak several years earlier and no longer in use prior to the intervention. The Foundation found the structures worthy of consideration for intervention to make them conducive for learning. The students and community were overwhelmed and full of praise for PZ.

2014 PZ Cussons Chemistry Challenge (PZCCC)

The 2014 edition of the PZ Cussons Chemistry Challenge (PZCCC), an initiative of the PZ Cussons Foundation, was held in December 2014. The primary objective of stimulating and inspiring the learning of chemistry amongst secondary school students continued with 16-year-old student, Justin Ifeanyi Nwaoha of ISOLOG College becoming the 2014 champion. This year's edition will be even more exciting as the Carex brand will be sponsoring the challenge.

The four finalists of the 2014 edition embarked on a facility tour of the factory in Ikorodu where they were further challenged on the practical application of chemistry within a manufacturing environment.


NEW LOOK
Olympic
Milk Range
LOW ON CHOLESTEROL
Compared to full cream milk
Healthy Choice

Governance

Creating sustainable value through strong governance and successful financial performance

GOVERNANCE

Board of Directors

Chief (Dr) Kola Jamodu, CFR

Chairman (Non-Executive)

Chief Jamodu joined PZ Cussons Group in 1974 and served in Executive positions for 24 years rising to the position of Chairman/ Chief Executive Officer until he retired in 1999. He thereafter continued as the Board Chairman until 2001 when he joined the Federal Executive Council as the Minister of Industry. An alumnus of the Harvard Business School, Boston, USA, Chief Jamodu is a fellow of the Institute of Chartered Accountants, Nigeria, Fellow of the Chartered Institute of Taxation Nigeria, Fellow of the Chartered Institute of Management Accountants, London and Fellow of the Chartered Institute of Secretaries.

He is currently on the Board of Nigerian Breweries Plc as its Chairman, in addition to his membership of the Boards of United Bank for Africa Plc and Ashaka Cement Company Plc. He is also the immediate past President of the Manufacturers Association of Nigeria.

Mr Tunde Oyelola

Vice Chairman (Non-Executive)

Mr Oyelola, a graduate of Chemical Engineering 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

Chief Executive Officer (Executive)

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 Nigerian subsidiary in 2002. He was appointed to the Board in 2004 and took over the position of the Group Chief Executive Officer in 2009.

Mrs Yomi Ifaturoti

Corporate Affairs & Admin Director (Executive)

Mrs Ifaturoti is the Corporate Affairs & Admin Director with Central Business Service responsibilities for the Group spanning external affairs, administration, regulatory issues, communication and CSR. She worked in Nigerian Hoechst Ltd as a Marketing Analyst and Jagal Group as the Sales & Marketing Coordinator before joining PZ Cussons in 1992 as a Group Product Manager.

Prior to her current role, she was the Marketing Director and later Sales Director for the Health & Beauty division. An alumnus of the University of Ibadan with a BSc degree in Pharmacology and Diploma in Sales, she became a Director of the Company in 2004 and was appointed to the Board in 2006. She is a member of the Audit Committee as well as the People & Governance Committee and is also a Fellow and Council Member of the Chartered National Institute of Marketing of Nigeria.

Mrs Elizabeth Ebi

Independent

Mrs Ebi is the Chief Executive Officer of Futureview Financial Services Limited. She was previously the MD/CEO of Futureview Securities Ltd established in 1996, before the holding Company was formed in 2008 to oversee the Group's wider interest in investment banking, Oil & Gas, and Agro-Allied sectors of the economy as well as the Commodities and Currency markets.

A New York University Scholar with MBA in Finance and Investment, Mrs Ebi had a 15 year stellar career with Chase Merchant Bank where she retired as an Executive Director.

Mrs Ebi was the first female stockbroker licensed on the Nigerian Stock Exchange, a Fellow of the Chartered Institute of Stockbrokers. She was a two term member of the Technical Committee of the National Council on Privatisation.

Mr Lawal Batagarawa

Independent

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 Alex Goma

Managing Director – Family Care (Executive)

Mr Goma is a Biochemistry graduate of the University of Port-Harcourt and a Fellow of the National institute of marketing of Nigeria.

He is an experienced business manager with significant expertise in sales and marketing of Fast Moving Consumer Goods (FMCG). He started his career in quality control before moving into the commercial functions with stints in customer service and logistics.

Before he joined the Company and the Board in 2010 as Commercial Director, he had worked in Procter & Gamble in Nigeria, Ghana and Egypt, British American Tobacco in Senegal, Gambia, and Mauritania and Guinness Nigeria Plc where he was the Sales Director.

Mr David Petzer

Chief Financial Officer (Executive)

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 16 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 in 2012.

Ms Joyce Folake Coker

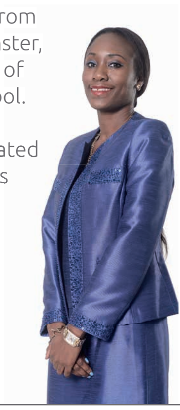
Human Resources Director

Ms Coker joined the PZ Cussons Group in 2011 as the Human Resources Director. In 2014 she earned additional responsibility as the Regional HR Director for the Africa PZ Group.

She joined the group with a wealth of experience across industries –Financial Services, Consulting, and Manufacturing/ Consumer goods having worked with top organisations like Universal Commercial Plc London, Accenture, Heirs Alliance Unilever Nigeria & Unilever Group based in Kenya with responsibility across East, West & Central Africa region.

She earned her First degree from University of Lagos and Masters of Arts in Human Resources Management from the University of Westminster, London and is an alumnus of the London Business School.

She has attended & facilitated a number of HR & Business leadership programmes around the world. She is a member of Chartered Institute of Personnel Management Nigeria as well as Institute of Directors.



Mr Paul Usoro, SAN

Non-Executive

Mr Usoro, Senior Advocate of Nigeria, 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 firms. Apart from being an acclaimed legal practitioner, Mr Usoro has extensive boardroom experience having served as a director of diverse organisations. He is the only surviving pioneer director of Airtel Networks Limited and chairs its Board Audit Committee.

Between 2008 and 2014, Mr Usoro served on the Board of Premium Pensions Limited, Nigeria's leading pension funds administrator and chaired its Board Audit Committee. Mr Usoro also serves as a director in Access Bank Plc and CR Services (Credit Bureau) Plc, representing Zenith Bank Plc thereat, and is also the Chairman of Marina Securities Limited. Mr Usoro was appointed by President Goodluck Jonathan, GCFR to the Board of Nigerian Bulk Electricity Trading Plc in 2011 and chairs the Company's Board Audit Committee.

GOVERNANCE

Report of the Directors

Accounts, results and appropriation

The Board of Directors of PZ Cussons Nigeria Plc is pleased to present to members the Consolidated Statements of Financial Position as at 31 May 2015 together with the Consolidated Statements of Comprehensive Income for the year ended on that date.

	N'000
Group profit after taxation and non-controlling interest	4,053,284

Dividend

The Directors are pleased to recommend to the shareholders the payment of a final dividend of 61 kobo per share amounting to N2,422 million (2014: 61 kobo per share amounting to N2,422 million) having earlier declared and paid an interim dividend of 20 kobo per share amounting to N794 million during the year. The final dividend will be paid on 30 September 2015.

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, PZ Wilmar Limited and PZ Wilmar Food Ltd.

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

	2015 Unit of shares	2014 Unit of shares
Chief (Dr) Kola Jamodu, CFR wef 01/11/2014	3,416,880	NYA
Mr C. Giannopoulos – MD/CEO	Nil	Nil
Mr B. Oyelola	244,336	244,336
Mr L. Batagarawa	20,706	20,706
Mrs E. Ebi	Nil	51,500
Ms J.F. Coker	3,889	3,889
Mr A. Goma	25,000	25,000
Mrs O.T. Ifaturoti	22,245	12,245
Mr D. Petzer	Nil	Nil
Mr P. Usoro	1,000,000	1,000,000

* NYA – Not yet appointed.

There was no change in the above holdings as at 20 August 2015.

Directors' interest in contracts

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, Mr L. Batagarawa, Mrs. E. Ebi and Mr D. Petzer will be retiring at the meeting and, being eligible, they have offered themselves for re-election.

Chief (Dr) Kola Jamodu, CFR who was appointed as the Board Chairman after the last Annual General Meeting and who has attained the age of 70 will retire at this Annual General Meeting and being eligible offers himself for election. Special notice has been given to the Company in accordance with section 259 of the Companies and Allied Matters Act, 2004.

GOVERNANCE

Report of the Directors *continued*

Record of Directors' attendance at Board meetings

In compliance with Section 258 (2) of the Companies and Allied Matters Act the Record of Directors' Attendance at Board Meetings in 2015 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 2015 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.

Attendance at meetings

In line with the Code of Corporate Governance (the Code) published by the Securities and Exchange Commission, the table below shows the frequency of the Board meetings during the year and members attendance at the meetings:

Director	Number of meetings held	Number of meetings attended
Professor E.C. Edozien	2	2
Chief (Dr) Kola Jamodu, CFR	2	2
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	5
Mr A. Goma	5	4
Mr M. Hayatu- Deen	2	2
Mrs O.T. Ifaturoti	5	5
Mr D. Petzer	5	4
Mr P. Usoro, SAN	5	5

The meetings were held on 17 July 2014, 9 October 2014, 31 October 2014, 14 January 2015 and 19 March 2015.

Major shareholdings

According to the Register of members as at 31 May 2015, PZ Cussons (Holdings) Limited UK held 2,817,024,401 shares. This represents 70.95% of the paid-up capital of the Company.

Analysis of shareholdings

The shareholding pattern of the Company as at 31 May 2015 as advised by the Registrar is as stated below:

Range	Number of holders	Holders %	Units	Units %
1–1,000	23,760	31.04	10,384,567	0.26
1,001–5,000	23,834	31.13	59,040,990	1.49
5,001–10,000	11,883	15.52	90,971,852	2.29
10,001–50,000	14,772	19.30	302,668,033	7.62
50,001–100,000	1,238	1.62	86,719,300	2.18
100'001–500,000	905	1.18	177,513,052	4.47
500,001–1,000,000	76	0.10	53,523,237	1.35
1,000,000–5,000,000	76	0.10	161,763,855	4.07
5,000,001–10,000,000	6	0.01	49,499,393	1.25
10,000,000–50,000,000	4	0.01	86,425,525	2.18
50,000,000–100,000,000	1	0.00	74,942,840	1.89
100,000,001–3,970,477,045	1	0.00	2,817,024,401	70.95
Total	**76,556**	**100.00**	**3,970,477,045**	**100.00**

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 2015.

GOVERNANCE

Report of the Directors *continued*

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. The standing committees are as follows:

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 up of three representatives of the shareholders elected at the last 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 PricewaterhouseCoopers, the Company and Group'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	Number of meetings held	Number of meetings attended
Professor R.I. Salawu	4	4
Mr O.I. Obarinde	4	4
Mr E.A. Akinduro	4	4
Mr B. Oyelola	4	4
Mr L. Batagarawa	4	3
Mrs O.T. Ifaturoti	4	3

The meetings were held on 16 July 2014, 13 January 2015, 18 March 2015 and 27 May 2015.

Risk Management Committee

The committee has responsibility for:

- review of the Company's risk management policies and the adequacy and effectiveness of controls;
- review of the Company's compliance level with relevant regulations that may impact the Company's risk profile; and
- review of the changes in business environment and other factors relevant to the Company's risk profile.

The Committee is made up of six members namely:

Mr L. Batagarawa – Chairman

Mr C. Giannopoulos

Mr B. Oyelola

Mrs E. Ebi

Mr D. Petzer

Mr A. Goma

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

Name	Number of meetings held	Number of meetings attended
Mr L. Batagarawa	2	2
Mr C. Giannopoulos	2	2
Mr B. Oyelola	2	2
Mrs E. Ebi	2	2
Mr D. Petzer	2	2
Mr A. Goma	2	1

The meetings were held on 10 July 2014 and 26 May 2015.

Governance/People committee

The Governance/People committee advises the Board on appointment of Directors, corporate governance and best practices matters, staff welfare and remuneration, talent management and other strategic employee relations matters. The Committee members are:

Mr P. Usoro, SAN – Chairman

Mr B. Oyelola

Mr C. Giannopoulos

Mrs O.T. Ifaturoti

Ms J.F. Coker

GOVERNANCE

Report of the Directors *continued*

The Committee met three times during the financial year and the table below shows the attendance at those meetings:

Name	Number of meetings held	Number of meetings attended
Mr P. Usoro	3	2
Mr B. Oyelola	3	2
Mr C. Giannopoulos	3	3
Mrs O.T. Ifaturoti	3	3
Ms J.F. Coker	3	3

The meetings were held on 3 June 2014, 12 August 2014 and 17 March 2015.

Corporate governance report

The Board is committed to meeting the standard of best practices set out in the Code of Corporate Governance ('the Code') published by the Securities and Exchange Commission. This report describes how the Board has been complying with the Code as well as best practices in corporate governance.

Board composition

The Company's Articles of Association provides for a maximum of 15 Directors. At the date of this report, the Board consists of 10 Directors; five Non-Executive and five Executive Directors. The profile of the Board comprises distinguished individuals with diverse skills and competencies in different areas of the Company's business. This continually ensures the realisation of set corporate objectives.

In line with best practices, the position of the Chairman is distinct from that of the Group Chief Executive Officer. The Chairman is Chief (Dr) Kola Jamodu, CFR who is a Non-Executive Chairman 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, Two (2) of the Non-Executive Directors are Independent Directors having no significant shareholding interest or any special business relationship with the Company.

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; and
- 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 is made to the Board by the Governance and People Committee. The Appointed Director is presented to the next Annual general meeting for election.

Every newly appointed Director receives a letter of appointment spelling out in detail the entitlements, terms of reference of the Board and its Committees and, the Key Performance Indicators. Furthermore, the Board has developed an Induction and Training programme for newly appointed Directors.

GOVERNANCE

Report of the Directors *continued*

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. The Board designs questionnaire for evaluation on relevant areas such as general supervisory roles, preparation of members for meetings, attendance and participation at meetings, succession planning etc. The questionnaire for evaluation for the year ended 31 May 2015 was completed and the summary was compiled. Based on the results of the evaluation the Board recorded very good performance.

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.

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 certificates 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 to the financial statements. 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 20 distribution depots across the country with over 1,000 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 the Company's 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

Employment of disabled persons

The Group's policy provides for due priority to be accorded to disabled persons in recruitment for any available position where their incapacity will not expose them to danger or serious disadvantage. Employees who become disabled in the course of their employment are retained and redeployed wherever possible within the context of the above policy.

GOVERNANCE

Report of the Directors *continued*

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.

Employee involvement and 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.

Statement of compliance

PZ Cussons Nigeria PLC adopts a responsible attitude towards corporate governance for public companies in line with the Securities and Exchange Commission Code of Corporate Governance 2011 and the Company's Board of Directors will endeavour to ensure compliance with the provisions of the Code.

Complaint Management Policy

The Complaint Management Policy sets out the broad framework by which the Company and its Registrars attend to issues and concerns raised by shareholders and provides the opportunity for the shareholders to give feedback to the Company. The Company is dedicated to ensuring great standards of services for its shareholders by:

- creating an efficient process for the management of shareholders complaints and enquiries;
- ensuring that all matters relating to shareholders are adequately addressed; and
- making shareholder information readily available.

Independent auditors

Messers PricewaterhouseCoopers were reappointed 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

Mr Rotimi Alade
Company Secretary

FRC/2013/NBA/00000004100
Lagos, Nigeria
20 August 2015

GOVERNANCE

Statement of Directors' responsibilities

For the year ended 31 May 2015

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:

- 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;
- 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
- 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 and the Financial Reporting Council of Nigeria 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 12 months from the date of this statement.

Chief (Dr) Kola Jamodu, CFR
Chairman

FRC/2013/ICAN/00000001617
20 August 2015

Mr Christos Giannopoulos
Chief Executive Officer

FRC/2013/IODN/00000004206
20 August 2015

Report of the Audit Committee

For the year ended 31 May 2015

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:

- we have reviewed the scope and planning of the audit for the year ended 31 May 2015 and we confirm that they were adequate;
- the Company's reporting and accounting policies as well as the internal control systems conform with legal requirements and agreed ethical practices; and
- we are satisfied with the management's responses to the independent auditors' findings on management matters for the year ended 31 May 2015.

Professor R.I. Salawu
Chairman, Audit Committee

FRC/2015/NSE/00000012462
19 August 2015

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

GOVERNANCE

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 2015 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 misstatement, 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 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.

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 2015 and of their financial performance and cash flows for the year then ended in accordance with the 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:

1. 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;
2. 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;
3. the company's statement of financial position and comprehensive income are in agreement with the books of account.

Osere Alakhume

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

21 August 2015

Engagement Partner: Osere Alakhume
FRC/2013/ICAN/00000000647

Results at a glance

For the year ended 31 May 2015

	Group		
	2015 N'000	2014 N'000	% Increase/ (decrease)
Revenue	**73,126,070**	72,905,679	0.3
Operating profit	**6,651,022**	6,301,624	5.5
Profit before taxation	**6,556,814**	6,949,985	(5.7)
Taxation	**(1,986,027)**	(1,867,238)	6.4
Profit for the year	**4,570,787**	5,082,747	(10.1)
Non-controlling interest	**517,503**	491,348	5.3
Profit attributable to equity holders of parent company	**4,053,284**	4,591,399	(11.7)
At year end:			
Share capital	**1,985,238**	1,985,238	
Shareholders' fund	**41,436,794**	40,574,761	
Per 50k share data:			
Based on 3,970,477,045 ordinary shares of 50k each:			
Basic and diluted earnings per share (Naira)	**1.02**	1.16	
Number of employees	**1,869**	2,019	
Stock exchange quotations in Naira (Company):			
As at 31 May	**28.66**	36.00	

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

For the year ended 31 May 2015

	Notes	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
Continuing operations					
Revenue	16a	**73,126,070**	72,905,679	**73,126,070**	72,905,679
Cost of sales		**(52,672,138)**	(53,710,991)	**(59,884,674)**	(61,330,797)
Gross profit		**20,453,932**	19,194,688	**13,241,396**	11,574,882
Selling and distribution costs		**(9,248,099)**	(8,825,075)	**(6,412,591)**	(6,044,072)
Administrative expenses		**(4,554,811)**	(4,067,989)	**(4,061,998)**	(3,445,660)
Operating profit		**6,651,022**	6,301,624	**2,766,807**	2,085,150
Other income	16b	**121,861**	281,039	**1,011,694**	2,948,977
Interest income	25	**228,794**	508,374	**94,802**	102,776
Interest cost	25	**(444,863)**	(141,052)	**(725,903)**	(161,641)
Net finance (cost)/income		**(216,069)**	367,322	**(631,101)**	(58,865)
Profit before taxation		**6,556,814**	6,949,985	**3,147,400**	4,975,262
Taxation	14	**(1,986,027)**	(1,867,238)	**(978,533)**	(984,798)
Profit for the year		**4,570,787**	5,082,747	**2,168,867**	3,990,464
Total comprehensive income for the year		**4,570,787**	5,082,747	**2,168,867**	3,990,464
Total comprehensive income for the year attributable to:					
Equity holders of the parent company		**4,053,284**	4,591,399	**2,168,867**	3,990,464
Non-controlling interest		**517,503**	491,348	**–**	–
		4,570,787	5,082,747	**2,168,867**	3,990,464
Basic and diluted EPS (Naira)	18	**1.02**	1.16	**0.55**	1.01

The notes on pages 43 to 75 are an integral part of these financial statements.

FINANCIAL STATEMENTS

Consolidated statement of financial position

At 31 May 2015

	Notes	Group 31 May 2015 N'000	Group 31 May 2014 N'000	Company 31 May 2015 N'000	Company 31 May 2014 N'000
Assets					
Non-current assets					
Property, plant and equipment	4	**25,217,847**	24,485,136	**19,239,673**	18,513,248
Investments in subsidiaries	5	**–**	–	**526,406**	526,406
		25,217,847	24,485,136	**19,766,079**	19,039,654
Current assets					
Inventories	6	**21,012,631**	20,292,556	**13,241,598**	14,239,679
Trade and other receivables	7	**17,912,325**	20,679,990	**13,085,927**	13,658,252
Deposits for letters of credit	8	**916,639**	1,030,504	**439,431**	967,381
Cash and cash equivalents	9	**2,328,472**	4,477,549	**1,573,626**	3,789,200
		42,170,067	46,480,599	**28,340,582**	32,654,512
Total assets		**67,387,914**	70,965,735	**48,106,661**	51,694,166
Equity					
Ordinary share capital	10	**1,985,238**	1,985,238	**1,985,238**	1,985,238
Share premium		**6,878,269**	6,878,269	**6,878,269**	6,878,269
Retained earnings		**32,573,287**	31,711,254	**17,721,422**	18,743,806
Equity attributable to equity holders of parent company		**41,436,794**	40,574,761	**26,584,929**	27,607,313
Non-controlling interest		**2,235,650**	1,963,821	**–**	–
Total equity		**43,672,444**	42,538,582	**26,584,929**	27,607,313
Liabilities					
Non-current liabilities					
Deferred taxation	11	**3,903,589**	4,365,881	**3,757,845**	3,374,580
Provisions	12	**248,900**	109,224	**–**	–
		4,152,489	4,475,105	**3,757,845**	3,374,580
Current liabilities					
Trade and other payables	13	**17,834,536**	21,897,870	**17,129,501**	19,609,345
Current taxation payable	14	**1,671,311**	1,863,541	**634,386**	1,102,928
Provisions	12	**57,134**	190,637	**–**	–
		19,562,981	23,952,048	**17,763,887**	20,712,273
Total liabilities		**23,715,470**	28,427,153	**21,521,732**	24,086,853
Total equity and liabilities		**67,387,914**	70,965,735	**48,106,661**	51,694,166

The financial statements on pages 38 to 77 were approved by the Board of Directors on 20 August 2015 and signed on its behalf by:

Chief (Dr) Kola Jamodu, CFR
Chairman

FRC/2013/ICAN/00000001617

Mr C. Giannopoulos
Chief Executive Officer

FRC/2013/IODN/00000004206

Mr Oluwasegun Agbekeye
General Manager, Accounting

FRC/2013/ICAN/00000004098

The notes on pages 43 to 75 are an integral part of these financial statements.

FINANCIAL STATEMENTS

Statement of changes in equity

For the year ended 31 May 2015

Year ended 31 May 2015	Group Attributable to owners Share capital N'000	Share premium N'000	Retained earnings N'000	Non-controlling interest N'000	Total N'000
At 1 June 2014	1,985,238	6,878,269	31,711,254	1,963,821	42,538,582
Profit for the year	–	–	4,053,284	517,503	4,570,787
Total comprehensive income for the year	–	–	4,053,284	517,503	4,570,787
Transactions with owners:					
Dividend paid relating to year ended 31 May 2014	–	–	(2,421,991)	(245,674)	(2,667,665)
Interim dividend paid relating to year ended 31 May 2015	–	–	(794,096)	–	(794,096)
Unclaimed dividend forfeited	–	–	24,836	–	24,836
Total transactions with owners	–	–	(3,191,251)	(245,674)	(3,436,925)
At 31 May 2015	**1,985,238**	**6,878,269**	**32,573,287**	**2,235,650**	**43,672,444**

Year ended 31 May 2014	Group Attributable to owners Share capital N'000	Share premium N'000	Retained earnings N'000	Non-controlling interest N'000	Total N'000
At 1 June 2013	1,985,238	6,878,269	35,252,554	2,320,796	46,436,857
Profit for the year	–	–	4,591,399	491,348	5,082,747
Total comprehensive income for the year	–	–	4,591,399	491,348	5,082,747
Transactions with owners:					
Dividend paid relating to year ended 31 May 2013	–	–	(2,204,195)	(223,073)	(2,427,268)
Interim dividend paid relating to year ended 31 May 2014	–	–	(790,522)	–	(790,522)
Special dividend paid in 2014	–	–	(5,161,620)	(625,250)	(5,786,870)
Unclaimed dividend forfeited	–	–	23,638	–	23,638
Total transactions with owners	–	–	(8,132,699)	(848,323)	(8,981,022)
At 31 May 2014	1,985,238	6,878,269	31,711,254	1,963,821	42,538,582

The notes on pages 43 to 75 are an integral part of these financial statements.

FINANCIAL STATEMENTS

Statement of changes in equity

For the year ended 31 May 2015

	Company Attributable to owners			
Year ended 31 May 2015	**Share capital N'000**	**Share premium N'000**	**Retained earnings N'000**	**Total N'000**
At 1 June 2014	1,985,238	6,878,269	18,743,806	27,607,313
Profit for the year	–	–	2,168,867	2,168,867
Total comprehensive income for the year	–	–	2,168,867	2,168,867
Transactions with owners:				
Dividend paid relating to year ended 31 May 2014	–	–	(2,421,991)	(2,421,991)
Interim dividend paid relating to year ended 31 May 2015	–	–	(794,096)	(794,096)
Unclaimed dividend forfeited	–	–	24,836	24,836
Total transactions with owners	–	–	(3,191,251)	(3,191,251)
At 31 May 2015	**1,985,238**	**6,878,269**	**17,721,422**	**26,584,929**

	Company Attributable to owners			
Year ended 31 May 2014	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 June 2013	1,985,238	6,878,269	22,886,041	31,749,548
Profit for the year	–	–	3,990,464	3,990,464
Total comprehensive income for the year	–	–	3,990,464	3,990,464
Transactions with owners:				
Dividend paid relating to year ended 31 May 2013	–	–	(2,204,195)	(2,204,195)
Interim dividend paid relating to year ended 31 May 2014	–	–	(790,522)	(790,522)
Special dividend paid in 2014		–	(5,161,620)	(5,161,620)
Unclaimed dividend forfeited	–	–	23,638	23,638
Total transactions with owners	–	–	(8,132,699)	(8,132,699)
At 31 May 2014	1,985,238	6,878,269	18,743,806	27,607,313

The notes on pages 43 to 75 are an integral part of these financial statements.

FINANCIAL STATEMENTS

Statement of cash flows

For the year ended 31 May 2015

	Notes	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
Cash flows from operating activities	19	**6,938,709**	9,781,753	**4,769,208**	11,667,904
Tax paid	14	**(2,640,549)**	(2,330,643)	**(1,063,810)**	(1,380,123)
Net cash generated from operating activities		**4,298,160**	7,451,110	**3,705,398**	10,287,781
Cash flows from investing activities					
Purchase of fixed assets	4	**(2,783,166)**	(3,221,109)	**(2,084,259)**	(2,451,586)
Proceeds from sale of fixed assets		**13,759**	13,159	**10,475**	5,801
Interest income		**228,794**	508,374	**94,802**	102,776
Net cash used in investing activities		**(2,540,613)**	(2,699,576)	**(1,978,982)**	(2,343,009)
Dividend paid to equity holders of parent		**(3,216,087)**	(8,156,337)	**(3,216,087)**	(8,156,337)
Dividend paid to non-controlling interest		**(245,674)**	(848,323)	**–**	–
Interest expense		**(444,863)**	(141,052)	**(725,903)**	(161,641)
Net cash used in financing activities		**(3,906,624)**	(9,145,712)	**(3,941,990)**	(8,317,978)
Net decrease in cash and cash equivalents		**(2,149,077)**	(4,394,178)	**(2,215,574)**	(373,206)
Cash and cash equivalents at 1 June		**4,477,549**	8,871,727	**3,789,200**	4,162,406
Cash and cash equivalents at 31 May	9	**2,328,472**	4,477,549	**1,573,626**	3,789,200

The notes on pages 43 to 75 are an integral part of these financial statements.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements

For the year ended 31 May 2015

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

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.

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).

The preparation of financial statements in conformity with generally accepted accounting principles under IFRS requires the Directors to make judgements, 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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.

2.1.1. Going concern

The consolidated financial statements have been prepared on a going concern basis. Nothing has come to the attention of the Directors that cast doubt about the ability of the Company to continue as a going concern.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

2. Summary of significant accounting policies of the Company and the Group *continued*

2.1.2. Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time:

Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities (effective annual periods on or after 1 January 2014): These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.

Amendments to IAS 32 on Financial instruments asset and liability offsetting (effective annual periods on or after 1 January 2014): This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective annual periods on or after 1 January 2014): These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IFRIC 21, 'Levies' (effective annual periods on or after 1 January 2014): This interpretation is on IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting (effective annual periods on or after 1 January 2014): These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the counter derivatives in an internationally consistent and non-discriminatory way. Similar relief will be included in IFRS 9, 'Financial instruments'.

New accounting standards issued but not yet adopted

New standards, amendments and interpretations issued before 31 May 2015 with an effective date after 1 June 2015 are not early adopted:

Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation: This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. This is effective for annual periods beginning on or after 1 January 2016.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation: In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This is effective for annual periods beginning on or after 1 January 2016.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

Amendments to IAS 27, 'Separate financial statements' on the equity method: This amendment allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This is effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' – These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This is effective for annual periods beginning on or after 1 January 2016.

Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative: These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. Effective for annual periods beginning on or after 1 January 2016.

Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception: These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. This is effective for annual periods beginning on or after 1 January 2016.

IFRS 15 'Revenue from contracts with customers': IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. This is effective for annual periods beginning on or after 1 January 2017.

IFRS 9 'Financial instruments': This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. This is effective in annual periods beginning on or after 1 January 2018.

IFRS 14 'Regulatory deferral accounts': This permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. This is effective in annual periods beginning on or after 1 January 2016.

2.2. Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquire 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 assets.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

2. Summary of significant accounting policies of the Company and the Group *continued*

Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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 Executive Board which comprises the five Executive Directors.

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.

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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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

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).

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.

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 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, are included in other comprehensive income.

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.

Interest income is recognised using the effective interest method.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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 it is 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 recognised as a reduction to cost of sales with a corresponding recognition of receivable from government.

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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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 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 equipment	33%
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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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

Minor items of furniture and fittings are not capitalised but expensed on acquisition. The annual rates of depreciation are consistent with those of prior year.

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.

2.12. Warranty

Provision for products warranty is made at the time of revenue recognition and reflects the estimated costs of replacement and free-of-charge services that will be incurred by the Group with respect to the products. Initial recognition is based on historical experience.

2.13. Non-financial assets

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. 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.

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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. Recognition and measurement of investments in subsidiary in separate financial statements of the Company

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.20. Deposits for letters of credit

Deposits for letters of credit are recognised at fair value less impairment losses.

2.21. 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 despatch of goods, 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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

Impairment of financial assets

The Group assesses at the end of the reporting period whether there was an impairment loss on a financial asset. At the reporting date, financial assets were assessed for evidence of impairment triggers, and a default in payments was identified. Subsequently, an impairment testing was carried out using the Company's borrowing rate as the discount rate for determining the present value of future cash flows.

Impairment of non-financial assets

The Group reviews non-financial assets for possible impairment if there are events or changes in circumstances that indicate that the carrying values of the assets may not be recoverable, or at least at every reporting date, when there is any indication that the asset might be impaired. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Following the impairment charge as disclosed in note 15, management believe that no further write down is required.

Useful lives of Plant Property and Equipment

Plant Property and Equipment are depreciated over their useful lives. The Group estimates the useful lives of PPE based on the period over which the assets are expected to be available for use. The estimation of the useful lives of PPE are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

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 holding the Group's cash and cash equivalents, 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. Equity price reviews of counterparties is done through the monitoring of the share price of the counterparties on the floor of the stock exchange.

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 the 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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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

Company

31 May 2015 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)	**1,573,626**	**–**	**–**	**–**	**1,573,626**
Trade receivables (note 7)	**2,789,609**	**5,713**	**–**	**–**	**2,795,322**
Receivables from subsidiary companies (note 7)	**3,999,808**	**–**	**–**	**–**	**3,999,808**
Receivables from related party companies (note 7)	**2,565,709**	**–**	**–**	**–**	**2,565,709**
Export rebate receivable (note 7)	**59,840**	**133,440**	**187,604**	**1,262,774**	**1,643,658**
Negotiable duty credit certificates (note 7)	**–**	**–**	**–**	**271,913**	**271,913**
Other receivables (note 7)	**592,893**	**–**	**–**	**–**	**592,893**
Deposit for letters of credit (note 8)	**439,431**	**–**	**–**	**–**	**439,431**
Total	**12,020,916**	**139,153**	**187,604**	**1,534,687**	**13,882,360**

31 May 2014 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)	3,789,200	–	–	–	3,789,200
Trade receivables (note 7)	2,303,721	–	10,663	–	2,314,384
Receivables from subsidiary companies (note 7)	2,529,025	–	–	–	2,529,025
Receivables from related party companies (note 7)	5,636,974	–	–	–	5,636,974
Export rebate receivable (note 7)	47,971	113,456	280,250	756,092	1,197,769
Negotiable duty credit certificates (note 7)	–	190,348	100,629	20,287	311,264
Other receivables (note 7)	260,283	–	–	–	260,283
Deposit for letters of credit (note 8)	967,381	–	–	–	967,381
Total	15,534,555	303,804	391,542	776,379	17,006,280

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

3. Financial risk management *continued*

Group

31 May 2015 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 N'000
Cash and cash equivalents (note 9)	2,328,472	–	–	–	2,328,472
Trade receivables (note 7)	7,860,198	375,224	15,210	177	8,250,809
Receivables from related party companies (note 7)	5,414,239	–	–	–	5,414,239
Export rebate receivable (note 7)	59,840	133,440	187,604	1,282,233	1,663,117
Negotiable duty credit certificates (note 7)	–	–	–	297,491	297,491
Other receivables (note 7)	780,621	–	–	–	780,621
Deposit for letters of credit (note 8)	916,639	–	–	–	916,639
Total	17,360,009	508,664	202,814	1,579,901	19,651,388

31 May 2014 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)	4,477,549	–	–	–	4,477,549
Trade receivables (note 7)	5,851,690	79,488	10,663	–	5,941,841
Receivables from related party companies (note 7)	10,982,895	–	–	–	10,982,895
Export rebate receivable (note 7)	47,971	113,456	280,250	775,551	1,217,228
Negotiable duty credit certificates (note 7)	–	193,125	123,430	20,287	336,842
Other receivables (note 7)	280,924	–	–	–	280,924
Deposit for letters of credit (note 8)	1,030,504	–	–	–	1,030,504
Total	22,671,533	386,069	414,343	795,838	24,267,783

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 amounts due according to the original terms of the receivables.

An analysis of the international long term credit ratings by Augusto & Co and Fitch Rating of counterparties where cash and cash equivalents are held is as follows:

	Company	
Credit rating	**2015 N'000**	2014 N'000
B	**1,573,626**	3,789,200
	1,573,626	3,789,200

	Group	
Credit rating	**2015 N'000**	2014 N'000
B	**2,328,472**	4,477,549
	2,328,472	4,477,549

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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 2015 and 31 May 2014 are balances due to related parties of N9.5 billion and N10.4 billion respectively while that of the Company is N10.0 billion and N9.9 billion respectively.

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

Company

31 May 2015 Financial liabilities:	**Up to 90 days N'000**	**Up to 180 days N'000**	**Total**
Trade and other payables (note 13)	**1,175,743**	**15,953,758**	**17,129,501**
	1,175,743	**15,953,758**	**17,129,501**

31 May 2014 Financial liabilities:	Up to 90 days N'000	Up to 180 days N'000	Total
Trade and other payables (note 13)	2,198,779	17,410,566	19,609,345
	2,198,779	17,410,566	19,609,345

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

3. Financial risk management *continued*

Group

31 May 2015 Financial liabilities:	Up to 90 days N'000	Up to 180 days N'000	Total
Trade and other payables (note 13)	**1,315,787**	**16,518,749**	**17,834,536**
	1,315,787	**16,518,749**	**17,834,536**

31 May 2014 Financial liabilities:	Up to 90 days N'000	Up to 180 days N'000	Total
Trade and other payables (note 13)	2,264,361	19,633,509	21,897,870
	2,264,361	19,633,509	21,897,870

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 total 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. The analysis assumes that all other variables remain constant.

	Group		Company	
	31 May 2015 N'000	31 May 2014 N'000	**31 May 2015 N'000**	31 May 2014 N'000
US dollar – 1% increase	**13,944**	56,331	**20,032**	47,912
US dollar – 1% decrease	**(13,944)**	(56,331)	**(20,032)**	(47,912)

The foreign exchange risk is mainly from related parties payable and receivable balances with foreign related parties.

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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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 cash/net debt ratio. This is summarised as follows:

	Group		Company	
	31 May 2015 N'000	31 May 2014 N'000	**31 May 2015 N'000**	31 May 2014 N'000
Cash and cash equivalents	**2,328,472**	4,477,549	**1,573,626**	3,789,200
Short term borrowing	**–**	–	**–**	–
Long term borrowing	**–**	–	**–**	–
Net cash	**2,328,472**	4,477,549	**1,573,626**	3,789,200

4. Property, plant and equipment

Group 2015

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and machinery N'000	Office furniture and fittings N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 June 2014	29,048	15,726,157	16,949,320	1,964,150	810,892	1,672,424	37,151,991
Additions	–	–	–	–	–	2,783,166	2,783,166
Transfers	–	216,186	1,458,119	237,991	–	(1,912,296)	–
Disposals	–	–	–	(100,611)	(92,412)	–	(193,023)
At 31 May 2015	**29,048**	**15,942,343**	**18,407,439**	**2,101,530**	**718,480**	**2,543,294**	**39,742,134**
Depreciation							
At 1 June 2014	5,736	2,209,028	8,113,848	1,622,283	715,960	–	12,666,855
Charge for the year	655	286,278	1,523,122	183,525	51,341	–	2,044,921
On disposals	–	–	–	(100,424)	(87,065)	–	(187,489)
At 31 May 2015	**6,391**	**2,495,306**	**9,636,970**	**1,705,384**	**680,236**	**–**	**14,524,287**
Net book value							
At 31 May 2015	**22,657**	**13,447,037**	**8,770,469**	**396,146**	**38,244**	**2,543,294**	**25,217,847**

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

4. Property, plant and equipment *continued*

Group 2014

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and machinery N'000	Office furniture and fittings N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 June 2013	29,048	14,747,938	17,424,756	1,845,645	868,742	1,769,800	36,685,929
Additions	–	–	–	–	–	3,221,109	3,221,109
Transfers	–	978,219	2,168,696	118,505	53,065	(3,318,485)	–
Impaired assets	–	–	(2,642,747)	–	–	–	(2,642,747)
Disposals	–	–	(1,385)	–	(110,915)		(112,300)
At 31 May 2014	**29,048**	**15,726,157**	**16,949,320**	**1,964,150**	**810,892**	**1,672,424**	**37,151,991**
Depreciation							
At 1 June 2013	5,155	1,934,687	8,167,608	1,450,412	757,622	–	12,315,484
Charge for the year	581	274,341	1,473,117	171,871	65,764	–	1,985,674
On impairment	–	–	(1,526,724)	–	–	–	(1,526,724)
On disposals	–	–	(153)	–	(107,426)	–	(107,579)
At 31 May 2014	**5,736**	**2,209,028**	**8,113,848**	**1,622,283**	**715,960**	**–**	**12,666,855**
Net book value							
At 31 May 2014	**23,312**	**13,517,129**	**8,835,472**	**341,867**	**94,932**	**1,672,424**	**24,485,136**

Depreciation expense of N1.10 billion (2014: N1.20 billion) has been charged in 'cost of sales', N0.30 billion (2014: NG0.27 billion) in 'selling and distribution expenses' and NGN0.64 billion (2014: NGN0.52 billion) in 'administrative expenses'.

Construction work in progress as at 31 May 2015 mainly comprise of building development and installation of new factory lines.

There was no capitalised borrowing cost during the years ended 31 May 2014 and 31 May 2015.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

4. Property, plant and equipment *continued*

Company 2015

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and machinery N'000	Office furniture and fittings N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 June 2014	29,048	14,054,085	11,148,644	1,663,624	664,774	1,161,865	28,722,040
Additions	–	–		–	–	2,084,259	2,084,259
Transfers	–	59,421	921,494	224,071		(1,204,986)	–
Intercompany transfer	–	–	(6,997)	–	–	–	(6,997)
Disposals	–	–		(100,428)	(52,313)	–	(152,741)
At 31 May 2015	**29,048**	**14,113,506**	**12,063,141**	**1,787,267**	**612,461**	**2,041,138**	**30,646,561**
Depreciation							
At 1 June 2014	5,736	2,083,576	6,040,080	1,464,144	615,256	–	10,208,792
Charge for the year	655	254,187	923,353	132,487	34,805	–	1,345,487
On disposals	–	–		(100,241)	(47,150)	–	(147,391)
At 31 May 2015	**6,391**	**2,337,763**	**6,963,433**	**1,496,390**	**602,911**	**–**	**11,406,888**
Net book value							
At 31 May 2015	**22,657**	**11,775,743**	**5,099,708**	**290,877**	**9,550**	**2,041,138**	**19,239,673**

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

4. Property, plant and equipment *continued*

Company

2014	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and machinery N'000	Office furniture and fittings N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 June 2013	29,048	13,252,385	12,285,598	1,579,962	714,691	1,112,579	28,974,263
Additions	–	–		–	–	2,451,586	2,451,586
Transfers	–	801,700	1,507,173	83,662	9,765	(2,402,300)	–
Impaired assets	–	–	(2,642,747)	–	–	–	(2,642,747)
Disposals	–	–	(1,380)	–	(59,682)	–	(61,062)
At 31 May 2014	**29,048**	**14,054,085**	**11,148,644**	**1,663,624**	**664,774**	**1,161,865**	**28,722,040**
Depreciation							
At 1 June 2013	5,155	1,845,505	6,563,718	1,329,730	623,129	–	10,367,237
Charge for the year	581	238,071	1,003,239	134,414	51,809	–	1,428,114
On impairment	–	–	(1,526,724)	–	–		(1,526,724)
On disposals	–	–	(153)	–	(59,682)	–	(59,835)
At 31 May 2014	**5,736**	**2,083,576**	**6,040,080**	**1,464,144**	**615,256**	**–**	**10,208,792**
Net book value							
At 31 May 2014	**23,312**	**11,970,509**	**5,108,564**	**199,480**	**49,518**	**1,161,865**	**18,513,248**

Depreciation expense of NGN0.82 billion (2014: N0.89 billion) has been charged in 'cost of sales', N0.29 billion (2014: N0.26 billion) in 'selling and distribution expenses' and N0.24 billion (2014: N0.28 billion) in 'administrative expenses'.

Construction work in progress as at 31 May 2015 mainly comprise of building development and installation of new factory lines.

Intercompany transfer relates to certain plant and machinery transferred to PZ Tower – a subsidiary during the year ended 31 May 2015.

There was no capitalised borrowing cost during the years ended 31 May 2014 and 31 May 2015.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

5. Investments in subsidiaries

	Company	
	2015 N'000	2014 N'000
Opening	**526,406**	526,406
Additions	**–**	–
Closing	**526,406**	526,406

* Principal investments: 31 May 2015 and 31 May 2014.

	Investment amount N'000	Country of incorporation and place of business	Nature of business	Proportion of shares held by the Company %	Proportion of shares held by NCI %
HPZ Limited	504,406	Nigeria	Household electrical appliances manufacturer	74.99	25.01
Roberts Pharmaceuticals Ltd	2,000	Nigeria	Soap and Antiseptics manufacturer	100.00	–
PZ Power Company Limited	10,000	Nigeria	Independent power generation and distribution	99.99	0.01
PZ Tower Limited	10,000	Nigeria	Detergent manufacturer	99.99	0.01
Total	**526,406**				

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

6. Inventories

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Raw materials	**12,236,662**	11,648,453	**8,053,017**	8,690,320
Finished goods and goods for resale	**7,148,479**	7,357,682	**3,828,686**	4,485,500
Engineering spares and other stocks	**1,627,490**	1,286,421	**1,359,895**	1,063,859
Total	**21,012,631**	20,292,556	**13,241,598**	14,239,679

During the year ended 31 May 2015, N666.4m (2014: N72.0m) 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 – 2015: N557.2m (2014: N448.0m). The cost of inventory charged to cost of sales was N45.2 billion (2014: N44.8 billion).

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

7. Trade and other receivables

Receivables due within one year:	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
Trade receivables	**9,416,359**	7,121,430	**3,571,948**	3,015,152
Less: provision for impairment of trade receivables	**(1,165,550)**	(1,179,589)	**(776,626)**	(700,768)
Net trade receivables	**8,250,809**	5,941,841	**2,795,322**	2,314,384
Receivables from subsidiary companies (note 25)	**–**	–	**3,999,808**	2,529,025
Receivables from related party companies (note 25)	**5,414,239**	10,982,895	**2,565,709**	5,636,974
Export rebate receivable	**1,663,117**	1,217,228	**1,643,658**	1,197,769
Prepayments	**189,014**	299,240	**117,258**	169,681
Negotiable duty credit certificates	**297,491**	336,842	**271,913**	311,264
WHT credit note receivable	**73,663**	254,361	**73,663**	254,361
Advances to suppliers	**1,243,371**	1,366,659	**1,025,703**	984,511
Other receivables	**780,621**	280,924	**592,893**	260,283
Total	**17,912,325**	20,679,990	**13,085,927**	13,658,252

Export rebate receivable is recognised at the rate of 20% on the related export proceeds. The weighted eligibility criteria has 3 bands: 20%, 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.

Movements in the provision for impairment of trade receivables are as follows:

	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
At 1 June	**(1,179,589)**	(1,115,533)	**(700,768)**	(613,369)
Reversal of/(provision for) receivables impairment	**14,039**	(64,056)	**(75,858)**	(87,399)
At 31 May	**(1,165,550)**	(1,179,589)	**(776,626)**	(700,768)

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 20 depots across Nigeria with over 1,000 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, cusomers are free to apply for credit.

8. Deposits for letters of credit

	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
Deposits for letters of credit	**916,639**	1,030,504	**439,431**	967,381

LCs represent committed cash no longer available for another purpose other than the purpose it has been designated for.

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

9. Cash and cash equivalents

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Cash at bank and in hand	**2,328,472**	4,477,549	**1,573,626**	3,789,200
Cash and cash equivalents	**2,328,472**	4,477,549	**1,573,626**	3,789,200

10. Ordinary share capital

	31 May 2015		31 May 2014	
Group and Company	**Number in thousands**	**Amount N'000**	Number in thousands	Amount N'000
Authorised:				
Ordinary shares of 50k each	**4,000,000**	**2,000,000**	4,000,000	2,000,000
Total authorised share capital	**4,000,000**	**2,000,000**	4,000,000	2,000,000
Allotted, called up and fully paid:				
Ordinary shares of 50k each	**3,970,477**	**1,985,238**	3,970,477	1,985,238
Total called up share capital	**3,970,477**	**1,985,238**	3,970,477	1,985,238

11. Deferred taxation

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
The analysis of deferred tax liabilities is as follows:				
– Deferred tax liability to be recovered after more than 12 months	**3,903,589**	4,365,881	**3,757,845**	3,374,580
– Deferred tax liability to be recovered within 12 months	**–**	–	**–**	–
	3,903,589	4,365,881	**3,757,845**	3,374,580
The movement in deferred tax liability is as follows:				
At start of year	**4,365,881**	4,283,021	**3,374,580**	3,421,827
Changes during the year:				
– (Credited)/charged to income statement (note 14)	**(462,292)**	82,860	**383,265**	(47,247)
At end of year	**3,903,589**	4,365,881	**3,757,845**	3,374,580

	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 2013	3,570,619	712,402	4,283,021	3,175,413	246,414	3,421,827
– Charged/(credited) to income statement	92,222	(9,362)	82,860	(41,856)	(5,391)	(47,247)
At 31 May 2014	**3,662,841**	**703,040**	**4,365,881**	**3,133,557**	**241,023**	**3,374,580**
– Charged to income statement	110,000	(572,292)	(462,292)	126,726	256,539	383,265
At 31 May 2015	**3,772,841**	**130,748**	**3,903,589**	**3,260,283**	**497,562**	**3,757,845**

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

12. Warranty provisions

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Warranty provisions				
At beginning of the year	**299,861**	273,763	–	–
Charged to the income statement	**57,134**	190,637	–	–
Utilised in the year	**(50,961)**	(164,539)	–	–
At 31 May	**306,034**	299,861	–	–
The ageing of the provisions are as follows:				
Within 12 months	**57,134**	190,637	–	–
Greater than 12 months	**248,900**	109,224	–	–
Total	**306,034**	299,861	–	–

The Group generally offers one to three 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	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Trade payables	**1,315,787**	2,264,361	**1,175,743**	2,198,779
Other taxation and social security	**218,723**	108,834	**83,018**	89,235
Unclaimed dividend	**1,518,734**	1,388,726	**1,518,734**	1,388,726
Accruals	**3,966,832**	4,935,860	**3,157,216**	3,266,769
Amounts owed to subsidiaries (note 25)	**–**	–	**3,876,984**	2,830,147
Amounts owed to related parties (note 25)	**9,542,080**	10,436,176	**6,159,333**	7,106,555
Other payables	**1,272,380**	2,763,913	**1,158,473**	2,729,134
Total	**17,834,536**	21,897,870	**17,129,501**	19,609,345

	Days	Days	**Days**	Days
Average credit period taken for trade purchases	**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 approximates their fair value.

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

14. Taxation

Income tax expense	Group 31 May 2015 N'000	Group 31 May 2014 N'000	Company 31 May 2015 N'000	Company 31 May 2014 N'000
Company income tax	**2,281,672**	1,615,373	**503,358**	931,273
Education tax	**166,647**	169,005	**91,910**	100,772
Total current tax	**2,448,319**	1,784,378	**595,268**	1,032,045
Deferred tax				
(Reversal)/origination of temporary differences	**(462,292)**	82,860	**383,265**	(47,247)
Total deferred tax	**(462,292)**	82,860	**383,265**	(47,247)
Income tax expense	**1,986,027**	1,867,238	**978,533**	984,798

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 31 May 2015 N'000	Group 31 May 2014 N'000	Company 31 May 2015 N'000	Company 31 May 2014 N'000
Profit before tax	**6,556,814**	6,949,985	**3,147,400**	4,975,262
Income tax using the domestic corporation tax rate of 30% (2014: 30%)	**1,967,044**	2,084,996	**944,220**	1,492,579
Tax effects of:				
Non-deductible expenses	**1,214,243**	936,362	**1,301,209**	815,158
Education tax levy	**166,647**	169,005	**91,910**	100,772
Tax exempt income	**(1,361,907)**	(1,323,125)	**(1,358,806)**	(1,423,711)
Total income tax expense in income statement	**1,986,027**	1,867,238	**978,533**	984,798

The current tax charge has been computed at the applicable rate of 30% (31 May 2014: 30%) plus education levy of 2% (31 May 2014: 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-deductable 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 for the Company is mainly made up of dividend income and other items not subject to tax while tax exempt income for the Group is mainly made up of profit of a subsidiary currently under pioneer status. The impact of the franked investment income recognised in the Company has been eliminated in the Group.

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

	Group 31 May 2015 N'000	Group 31 May 2014 N'000	Company 31 May 2015 N'000	Company 31 May 2014 N'000
At start of the year	**1,863,541**	2,409,806	**1,102,928**	1,451,006
Tax charge for the year	**2,448,319**	1,784,378	**595,268**	1,032,045
Tax paid during the year	**(2,640,549)**	(2,330,643)	**(1,063,810)**	(1,380,123)
At end of the year	**1,671,311**	1,863,541	**634,386**	1,102,928

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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

15. Expense by nature

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Changes in inventories of finished goods and work in progress	**45,759,466**	45,325,244	**55,601,844**	54,792,989
Personnel cost (note 20.5)	**6,779,692**	6,801,802	**4,864,352**	4,871,001
Fuel and gas	**2,238,223**	2,376,874	**1,183,096**	1,422,930
Depreciation (note 4)	**2,044,921**	1,985,674	**1,345,487**	1,428,114
Auditors remuneration	**36,599**	32,694	**24,528**	21,979
Rent and rates	**270,697**	45,419	**178,357**	185,638
Insurance	**483,639**	404,995	**483,639**	404,995
Freight/carriage cost	**2,623,161**	2,261,557	**1,556,765**	1,434,734
Vehicle repairs and maintenance	**474,640**	446,458	**367,000**	352,864
Technical and management fees (note 25.2)	**3,252,437**	3,189,579	**3,252,437**	3,189,579
Advertising and market promotions	**1,804,263**	2,155,092	**902,268**	1,255,748
General and other expenses	**707,310**	289,551	**599,490**	267,262
Exceptional items	**–**	1,289,116	**–**	1,192,696
	66,475,048	66,604,055	**70,359,263**	70,820,529
Cost of sales	**52,672,138**	53,710,991	**59,884,674**	61,330,797
Selling and distribution expenses	**9,248,099**	8,825,075	**6,412,591**	6,044,072
Adminstrative expenses	**4,554,811**	4,067,989	**4,061,998**	3,445,660
	66,475,048	66,604,055	**70,359,263**	70,820,529

Exceptional items

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, the exceptional items as detailed below have been included in cost of sales in the income statement.

	Group		Company	
	31 May 2015	31 May 2014	**31 May 2015**	31 May 2014
Redundancy cost	**–**	173,093	**–**	76,673
Impairment charge on PPE	**–**	1,116,023	**–**	1,116,023
	–	1,289,116	**–**	1,192,696

The impairment charge of N1.12 billion in 2014 relates to the impairment of plant property and equipment in the branded consumer goods segment which operates in Nigeria. The specific assets involved are Old detergent tower, Sulphonation & silicate plants and Soap RB case packer. In 2014, the Directors decided to scrap the assets because they were no longer usable due to technological obsolescence. It was considered that the assets had a nominal scrap value and they were written down to zero value. The redundancy cost of the Company is directly related to cost incurred on staff that become redundant due to the impairment of the related assets. Included in the Group redundancy cost is the cost incurred on staff that became redundant due to process automation in the durable electrical appliances segment of the business.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

16a. Revenue

	Group		Company	
	31 May 2015	31 May 2014	**31 May 2015**	31 May 2014
Components of revenue is as follows:				
Sales of goods	**73,126,070**	72,905,679	**73,126,070**	72,905,679
Revenue by geographical location of Customers:				
Domestic (within Nigeria)	**69,773,183**	69,270,966	**69,773,183**	69,270,966
Export (outside Nigeria)	**3,352,887**	3,634,713	**3,352,887**	3,634,713
	73,126,070	72,905,679	**73,126,070**	72,905,679

16b. Other income

	Group		Company	
	31 May 2015	31 May 2014	**31 May 2015**	31 May 2014
Sales of scraps and sundry items	**113,636**	272,601	**269,940**	400,788
Profit on disposal of fixed assets	**8,225**	8,438	**5,124**	4,574
Dividend income from subsidiary	**–**	–	**736,630**	2,543,615
	121,861	281,039	**1,011,694**	2,948,977

17. Segment analysis

The chief operating decision-maker has been identified as the Executive Board which comprises the five 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 products perspective, with branded consumer goods and durable electrical appliances being the reporting segments. The Executive Board assesses the performance based on operating profit before any exceptional items.

As at May 2015	Branded consumer goods	Durable electrical appliances	Eliminations	Total
Total gross segment revenue	47,116,946	26,009,124	–	73,126,070
Intersegment revenue	–	–	–	–
Revenue	47,116,946	26,009,124	–	73,126,070
Segment operating profit	3,946,861	2,704,161	–	6,651,022
Depreciation (note 4)	1,902,031	142,890	–	2,044,921
Interest income	94,802	429,173	(295,181)	228,794
Interest cost	725,981	14,063	(295,181)	444,863
Profit before taxation	3,527,543	3,029,271	–	6,556,814
Taxation	1,025,940	960,087	–	1,986,027
Profit after taxation	2,501,603	2,069,184	–	4,570,787
Property plant & equipments	23,997,008	1,220,839	–	25,217,847
Total assets	48,592,125	18,795,789	–	67,387,914

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

17. Segment analysis *continued*

As at May 2014	Branded consumer goods	Durable electrical appliances	Eliminations	Total
Total gross segment revenue	48,357,281	24,548,398	–	72,905,679
Intersegment revenue	–	–	–	–
Revenue	48,357,281	24,548,398	–	72,905,679
Segment operating profit	3,291,417	3,010,207	–	6,301,624
Depreciation (note 4)	1,887,663	98,011	–	1,985,674
Interest income	102,776	519,391	(113,793)	508,374
Interest cost	161,641	93,204	(113,793)	141,052
Profit before taxation	4,110,804	2,839,181	–	6,949,985
Taxation	992,666	874,572	–	1,867,238
Profit after taxation	3,118,138	1,964,609	–	5,082,747
Property plant & equipments	23,349,669	1,135,467	–	24,485,136
Total assets	53,619,160	17,346,575	–	70,965,735

Entity-wide information

	2015 N'000	2014 N'000
Breakdown of revenue is as follows:		
Sales of goods	73,126,070	72,905,679

The Group is domiciled in Nigeria. The result of its revenue from external customers in Nigeria is N69.8 billion (2014: N69.3 billion), and the total of revenue from external customers from other countries is N3.3 billion (2014: N3.6 billion).

The total of non-current assets located in Nigeria is N25.2 billion (2014: N24.5 billion), and the total of such non-current assets located in other countries is Nil (2014: Nil).

No single external customer either within Nigeria or outside of Nigeria contributes up to 10% of revenue for the year.

18. Earnings per share

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

	Group		Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Profit attributable to equity holders of parent company	4,053,284	4,591,399	2,168,867	3,990,464
Weighted average number of ordinary shares in issue	3,970,477	3,970,477	3,970,477	3,970,477
Basic earnings per share (Naira)	1.02	1.16	0.55	1.01

Diluted EPS is the same as basic earnings per share as there are no potential dilutive ordinary shares or transactions.

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

19. Cash generated from operating activities

	Notes	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
Cash flows from operating activities					
Profit before taxation		**6,556,814**	6,949,985	**3,147,400**	4,975,262
Adjustment to reconcile net income to cash provided:					
Depreciation	4	**2,044,921**	1,985,674	**1,345,487**	1,428,114
Profit on disposal of fixed assets	16b	**(8,225)**	(8,438)	**(5,124)**	(4,574)
PPE transferred to related parties		**–**	–	**6,997**	–
Unclaimed dividend forfeited		**24,836**	23,638	**24,836**	23,638
Fixed asset written off		**–**	1,116,023	**–**	1,116,023
Interest expense		**444,863**	141,052	**725,903**	161,641
Interest income		**(228,794)**	(508,374)	**(94,802)**	(102,776)
		8,834,415	9,699,559	**5,150,697**	7,597,328
Changes in assets and liabilities					
Decrease/(increase) in trade and other receivables		**2,767,665**	(185,580)	**572,325**	1,463,833
Decrease/(increase) in deposit for letters of credit		**113,865**	(492,012)	**527,949**	(443,721)
(Increase)/decrease in inventories		**(720,075)**	(2,271,210)	**998,081**	(2,937,408)
(Decrease)/increase in trade, other payables and provisions		**(4,057,161)**	3,030,995	**(2,479,844)**	5,987,872
Cash flows from operating activities		**6,938,709**	9,781,753	**4,769,208**	11,667,904
Analysis of profit on disposal of fixed assets					
Cost of assets disposed (note 4)		**(193,023)**	(112,300)	**(152,741)**	(61,062)
Accumulated depreciation of assets disposed (note 4)		**187,489**	107,579	**147,391**	59,835
Proceeds on disposal of assets		**13,759**	13,159	**10,475**	5,801
		8,225	8,438	**5,124**	4,574

20. Directors and employees emoluments

	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
20.1 Chairman and Director's emoluments:				
Chairman	**1,630**	1,480	**1,630**	1,480
Directors	**167,574**	199,123	**167,574**	199,123
Total	**169,204**	200,603	**169,204**	200,603
As fees (as per Non-Executive Directors)	**8,030**	7,880	**8,030**	7,880
Other emoluments (as per Executive Directors)	**161,814**	192,723	**161,814**	192,723
Total	**169,844**	200,603	**169,844**	200,603

Included in other emoluments to Executive Directors is pension paid to them during the year.

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

20. Directors and employees emoluments *continued*

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

	Group		Company	
	2015 Number	2014 Number	**2015 Number**	2014 Number
10,000,000–20,000,000	**2**	2	**2**	2
20,000,001–30,000,000	**1**	1	**1**	1
30,000,001–40,000,000	**–**	–	**–**	–
40,000,001–50,000,000	**1**	2	**1**	2
50,000,001–60,000,000	**1**	1	**1**	1
	5	6	**5**	6
20.2.2. Directors with fees as emoluments	**7**	6	**7**	6

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
20.3. Highest paid Director received	**56,282**	51,542	56,282	51,542

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

	Group		Company	
	2015 Number	2014 Number	**2015 Number**	2014 Number
300,001–400,000	**11**	15	**7**	14
400,001–500,000	**81**	545	**29**	331
500,001–600,000	**350**	722	**233**	495
600,001–700,000	**558**	240	**388**	128
700,001–800,000	**253**	64	**142**	27
800,001–900,000	**87**	35	**33**	15
900,001–1,000,000	**43**	20	**14**	15
1,000,001–1,100,000	**92**	54	**61**	43
1,100,001–1,200,000	**25**	46	**17**	35
1,200,001–1,300,000	**40**	27	**31**	19
1,300,001–1,400,000	**14**	22	**9**	13
1,400,001–1,500,000	**18**	17	**17**	15
1,500,001 and above	**297**	212	**237**	159
Total	**1,869**	2,019	**1,218**	1,309

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Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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

	Group		Company	
	2015 Number	2014 Number	**2015 Number**	2014 Number
Production	**1,081**	1,205	**644**	689
Sales and distribution	**642**	651	**434**	470
Administration	**146**	163	**140**	150
Total	**1,869**	2,019	**1,218**	1,309

The aggregate cost of these employees was:

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Wages and salaries	**6,305,215**	6,337,439	**4,548,454**	4,558,558
Pension costs – defined contribution plan	**187,144**	190,260	**109,515**	112,527
Pension costs – gratutity scheme	**287,333**	274,103	**206,383**	199,916
Total	**6,779,692**	6,801,802	**4,864,352**	4,871,001

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	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Authorised and contracted	**209,721**	759,030	**147,851**	678,639
Authorised but not contracted	**1,444,865**	1,066,173	**596,824**	843,195
Total	**1,654,586**	1,825,203	**744,675**	1,521,834

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.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

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 N3,252,436,590 (2014: N3,189,579,313).

23. Post balance sheet events

A final dividend in respect of the year ended 31 May 2015 of 61 kobo per share amounting to a total dividend of N2,421,990,998 was declared at the Board meeting held on 20 August 2015. 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 2015 and on the profit for the year then ended.

24. Export expansion grant scheme (EEG)

The 'Export Expansion Grant scheme(EEG)' is a very vital incentive of the Federal government of Nigeria required for the stimulation of export oriented activities that will lead to significant growth of the non-oil export sector. Having met the eligibility criteria and registered under the scheme by the Nigerian Export Promotion Council (NEPC), the Group is entitled to a rebate on export sales in as much as the Group can demonstrate that the proceeds of the related sales have been repatriated to the country within 180 days of such export sales.

The grant is recognised as a credit to cost of sales and as a receivable from the Government (note 7). The related receivable balances with respect to the EEG scheme are:

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Export expansion grant receivable	**1,663,117**	1,217,228	**1,643,658**	1,197,769
Negotiable Duty Credit Certificate (NDCC)	**297,491**	336,842	**271,913**	311,264

Negotiable Duty Credit Certificate (NDCC): This is instrument of the government for settling of the EEG receivable. The NDCC is used for the payment of Import and Excise duties in lieu of cash. In the last two years, the Group and other industry players have not been able to use the certificates in settlement of customs duties. In the year under review, only NDCC worth N32.9 million was utilised. No NDCC (physical certificates) was received during the year ended 31 May 2015 while N293.7 million and N319.3 million worth of NDCC was received by the Company and the Group respectively during the year ended 31 May 2014.

With respect to the EEG receivable, below is the ageing analysis:

	EEG ≤1 year N'000	EEG ≤ 2 years N'000	EEG > 2 years N'000	Total N'000
Group – 31 May 2015	**445,889**	**521,625**	**695,603**	**1,663,117**
Group – 31 May 2014	521,625	355,069	340,534	1,217,228
Company – 31 May 2015	**445,889**	**521,625**	**676,144**	**1,643,658**
Company – 31 May 2014	521,625	355,069	321,075	1,197,769

Though, a significant component of the NDCC and EEG receivable have been outstanding for more than one year, no impairment charge have been recognised because they are regarded as sovereign debts. Moreover, Government have not communicated or indicated unwillingness to honour the obligations. Thus, the outstanding balances are classified as current assets accordingly.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

25. Related party transactions

25.1. Group and Company

The Group and Company are controlled by PZ Cussons (Holding) Limited, incorporated in the UK, which owns 70.95% of the Group and Company's shares. The remaining 29.05% of the shares are widely held. The Group's ultimate parent is PZ Cussons (Holding) Limited (incorporated in the UK)

All trading balances are settled in cash. There was no provision for doubtful related party receivables at 31 May 2015 (31 May 2014: 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.

25.2. Transactions with related parties

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
Purchases of goods from subsidiaries:				
– HPZ Limited	**–**	–	**26,009,124**	24,548,398
– PZ Power Company Limited	**–**	–	**1,426,430**	1,281,831
– PZ Tower Limited	**–**	–	**8,431,493**	9,315,251
Transactions with subsidiaries	**–**	–	**35,867,047**	35,145,480
Purchases of goods from joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company):				
– PZ Cussons International Limited	**37,915,410**	51,160,521	**22,299,518**	33,759,901
Purchases of services from joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company):				
– Royalties – PZ Cussons International Limited	**442,059**	398,382	**442,059**	398,382
– Technical Fees – PZ Cussons International Limited	**2,810,378**	2,791,197	**2,810,378**	2,791,197
	3,252,437	3,189,579	**3,252,437**	3,189,579
Transactions with joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	**41,167,847**	54,350,100	**25,551,955**	36,949,480
Total	**41,167,847**	54,350,100	**61,419,002**	72,094,960
Sales of goods/services and advances for purchases				
Services recharged to subsidiaries:				
– HPZ Limited (Subsidiary)	**–**	–	**2,586,547**	2,469,241
– PZ Tower Limited (Subsidiary)	**–**	–	**–**	–
– PZ Power Limited (Subsidiary)	**–**		**49,867**	48,435
Transactions with subsidiaries	**–**	–	**2,636,414**	2,517,676
Services recharged to joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	**2,126,067**	2,057,903	**2,126,067**	2,057,903
Sales of goods to joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	**595,117**	474,118	**–**	–
Advances for purchases to joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	**21,739,851**	22,931,148	**8,987,835**	12,785,361
Transactions with joint ventures and subsidiaries of PZ Cussons Holding Limited (ultimate parent company)	**24,461,035**	25,463,169	**11,113,902**	14,843,264
Total	**24,461,035**	25,463,169	**13,750,316**	17,360,940

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

25. Related party transactions *continued*

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.

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

	Group		Company	
	2015 N'000	2014 N'000	**2015**	2014 N'000
Due to:				
– Subsidiaries of PZ Cussons Nigeria Plc	**–**	–	**3,876,984**	2,830,147
– Joint ventures and subsidiaries of PZ Cussons Holdings Limited UK	**9,542,080**	10,436,176	**6,159,333**	7,106,555
Total	**9,542,080**	10,436,176	**10,036,317**	9,936,702
Due from:				
– Subsidiaries of PZ Cussons Nigeria Plc	**–**	–	**3,999,808**	2,529,025
– Joint ventures and subsidiaries of PZ Cussons Holdings Limited UK	**5,414,239**	10,982,895	**2,565,709**	5,636,974
Total	**5,414,239**	10,982,895	**6,565,517**	8,165,999

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

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, PZ Wilmar Limited and PZ Wilmar Food Ltd.

Interest on advances from and to related entities

During the year, the Company and the Group obtained and gave short-term advances at 13% p.a. from and to related parties. The advances have been fully liquidated at 2015 and 2014 year end and they are not included in the closing balances of the amount due to and the amount due from related parties by the Company and the Group. Also, the advances were drawn down or disbused in various amounts and they did not run throughout the twelve months duration of the financial year ended 2015 and 2014.

The Company and the Group incurred interest cost of N725.9 million (2014: N161.6 million) and N444.9 million (2014: N141.1 million) as well as earned N94.8 million (2014: N102.8 million) and N228.8 million (2014: N508.4 million) respectively on short-term advances to related parties. All inter-company interest have been eliminated on consolidation. The uneliminated interest income and interest expense on consolidation relates to interest earned and interest paid on transactions with other related parties (i.e. Nutricima Limited, Harefield Industrial Nigeria Limited, PZ Coolwold Limited, PZ Wilmar Limited and PZ Wilmar Food Limited) outside of the PZ Cussons Nigeria Plc group. Disclosed as interest income and interest cost in the income statement is interest earned and interest paid on short-term advances with related parties.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements *continued*

For the year ended 31 May 2015

26. Dividends

Amounts recognised as dividends to ordinary shareholders in the year:

Final dividend for the year ended 31 May 2015 of 61 kobo (31 May 2014: 61 kobo) per ordinary share of 50 kobo

Final dividend for the year ended 31 May 2015 will be paid during the year ending 31 May 2016 while final dividend for the year ended 31 May 2014 was paid during the year ended 31 May 2015. 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, final dividend in respect of the year ended 31 May 2015 of 61 kobo per share amounting to a total dividend of N2,421,990,998 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 these financial statements.

Interim dividend paid during the year ended 31 May 2015

On 19 March 2015, the Directors approved the payment of interim dividend of 20kobo per 50k ordinary share amounting to N794 million. The dividend has been paid.

FINANCIAL STATEMENTS

Statement of value added

For the year ended 31 May 2015

	Group				Company			
	2015 N'000	**%**	2014 N'000	%	**2015 N'000**	**%**	2014 N'000	%
Turnover	**73,126,070**		72,905,679		**73,126,070**		72,905,679	
Other operating income	**121,861**		281,039		**1,011,694**		2,948,977	
Interest income	**228,794**		508,374		**94,802**		102,776	
Brought-in-materials and services:								
– Imported	**(41,499,580)**		(41,627,937)		**(46,179,132)**		(46,455,419)	
– Local	**(16,150,855)**		(16,188,642)		**(17,970,292)**		(18,065,995)	
Value added	**15,826,290**	**100**	15,878,513	100	**10,083,142**	**100**	11,436,018	100
Applied as follows:								
To pay employees:								
– Salaries, wages and other benefits	**6,779,692**	**43**	6,801,802	43	**4,864,352**	**48**	4,871,001	43
To pay government:								
– Income and education taxes	**2,448,319**	**15**	1,784,378	11	**595,268**	**6**	1,032,045	9
To pay providers of capital:								
– Interest cost	**444,863**	**3**	141,052	1	**725,903**	**7**	161,641	1
Retained for replacement of assets and business growth:								
– Deferred taxation	**(462,292)**	**(3)**	82,860	1	**383,265**	**4**	(47,247)	–
– Depreciation	**2,044,921**	**13**	1,985,674	13	**1,345,487**	**13**	1,428,114	12
– Non-controlling interest	**517,503**	**3**	491,348	3	**–**	**–**	–	–
– Profit attributable to equity holders of the parent company	**4,053,284**	**25**	4,591,399	28	**2,168,867**	**22**	3,990,464	35
	15,826,290	**100**	15,878,513	100	**10,083,142**	**100**	11,436,018	100

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

Note: Statement of value added is not a required disclosure under IFRS.

FINANCIAL STATEMENTS

Five-year Group financial summary

For the year ended 31 May 2015

	IFRS 2015 N'000	IFRS 2014 N'000	IFRS 2013 N'000	IFRS 2012 N'000	IFRS 2011 N'000
Non-current assets	**25,217,847**	24,485,136	24,370,445	24,360,347	25,034,942
Current assets	**42,170,067**	46,480,599	47,925,975	40,046,450	43,891,587
Total assets	**67,387,914**	70,965,735	72,296,420	64,406,797	68,926,529
Equity attributable to equity holders of parent	**41,436,794**	40,574,761	44,116,061	40,929,117	41,193,341
Non-controlling interest	**2,235,650**	1,963,821	2,320,796	1,938,925	1,975,393
Non-current liabilities	**4,152,489**	4,475,105	4,462,476	4,426,381	3,573,892
Current liabilities	**19,562,981**	23,952,048	21,397,087	17,112,374	22,183,903
Total equity and liabilities	**67,387,914**	70,965,735	72,296,420	64,406,797	68,926,529

	IFRS 2015 N'000	IFRS 2014 N'000	IFRS 2013 N'000	IFRS 2012 N'000	N-GAAP 2011 N'000
Turnover	**73,126,070**	72,905,679	71,343,088	72,154,601	65,877,984
Profit before taxation	**6,556,814**	6,949,985	7,650,265	4,306,863	8,025,266
Profit after taxation attributable to equity holders of the parent company	**4,053,284**	4,591,399	4,875,040	2,410,498	5,217,530
Per 50K share					
Earnings per share (Naira)	**1.02**	1.16	1.23	0.61	1.64

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

OTHER INFORMATION

Share capital history
For the year ended 31 May 2015

The Company was incorporated with an authorised share capital of £40,000 in Ordinary Shares of £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 have since taken place in the Company's authorised capital:

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

OTHER INFORMATION

Shareholders' information

Share Certificate Issued		Dividends declared in the last 12 years	
Date issued	Basis	Year to 31 May	Payment number
13 November 1973	Bonus of 1 for 4		
19 November 1974	Bonus of 1 for 5		
6 April 1976	1 AIL for 1 PZNL share		
7 February 1977	Bonus of 1 for 2		
28 October 1977	Public issue for cash		
31 March 1978	Bonus of 1 for 4		
23 December 1980	Bonus of 1 for 4		
21 December 1981	Bonus of 1 for 4		
17 January 1983	Bonus of 1 for 4		
16 December 1988	Bonus of 1 for 4		
31 December 1990	Bonus of 1 for 4		
31 December 1991	Bonus of 1 for 4		
28 November 1992	Bonus of 1 for 4	2003	34
25 November 1993	Bonus of 1 for 4	2004	35
24 November 1994	Bonus of 1 for 4	2005	36
23 November 1995	Bonus of 1 for 4	2006	37
19 February 1997	Bonus of 1 for 4	2007	38
4 September 2000	Rights issue for cash	2008	39
25 November 2002	Bonus of 1 for 5	2009	40
18 November 2004	Bonus of 1 for 4	2010	41
28 March 2006	Rights issue for cash	2011	42
20 September 2007	Bonus of 1 for 4	2012	43
15 September 2011	Bonus of 1 for 4	2013	44
		2014	45

Forfeiture of unclaimed dividend

By Section 385 of the Companies and Allied Matters Act, dividends are special debt due to, and recoverable by shareholders within 12 years. Dividends declared up to 31 May 2001 and payable from 2002 (dividend number 33) which remained unclaimed will therefore cease to be recoverable by this year (2015/2016). This unclaimed dividend will be credited to the general reserves in 2015/2016. The dividend payment and value of unclaimed dividends in this category are as follows:

Dividend number	Value (N)
Dividend number 33	**28,506,432.81**

OTHER INFORMATION

Top 100 distributors

No.	Customer	Location
1	Chief G.O. Nwalie	Aba
2	Marason Nig. Enterprises	Aba
3	Mr H Nwachukwu	Aba
4	Indar Int'l Ventures	Abeokuta
5	Chineme Ogo Nig. Enterprises	Abuja
6	Cynnod Link Global Enterprises	Abuja
7	Wilfred Agbo	Abuja
8	De Blessed Oliver Enterprises	Abuja
9	Fomi Enterprises	Abuja
10	O.A Twins Pharmaceuticals Nig. Ltd	Ado Ekiti
11	Yabola Ventures Ent	Akure
12	Wabayo Stores	Akure
13	Akpata Gideon Ventures	Auchi
14	Monday Osai	Baylesa
15	Innocent Ibezute & Co. Nig. Ltd	Benin
16	Vin Global Resource Ent erprises.	Benin
17	Tony Aik Ventures	Benin
18	I P Akpan & Co	Calabar
19	Mr C. U. Ekezie	Enugu
20	M N Aduaka	Enugu
21	John Nevo C.U	Enugu
22	E N Chibueze	Enugu
23	Alhaji Umaru Babawuro Prov.stor	Gombe
24	Alhaji B.M. Dankoli	Gombe
25	Alhaji Isa Samaila	Gusua
26	Mrs Biodun Bolarinwa	Ibadan
27	Emmako Investment Nig. Ltd	Ibadan
28	Baylogs Investment Limited	Ijebu Ode
29	Blessed Telex Nigeria Ltd	Ikare
30	Alhaja Mariam Shagaya	Ilorin
31	Mrs L.A. Ajibola	Ilorin
32	L.A. Adejumo & Sons	Jos
33	Alhaji Khalid Yusuf	Jos
34	J J Nnoli & Sons	Jos
35	Alhaji Ali Adamu Mohamadu	Jos
36	Anchaw General Enterprises	Kaduna
37	Oladunni & Sons Ent	Kaduna
38	El-yusuf Ventures Ltd	Kaduna
39	Muktar Sidi Enterprises	Kaduna
40	Bala Maigishiri & Sons	Kano
41	G F M Organisation	Kano
42	Alhaji Ibrahim Babangida	Kano
43	Alhaji Umaru Maiturare	Kano
44	Garba & Sons	Kano
45	Alhaji Yusuf Abdulahi	Kano
46	Denco Drugs Co Nig. Ltd	Lagos
47	Folyma Pharmacy & Stores Ltd	Lagos
48	Ohale Investment Ltd	Lagos
49	Alhaja S A Sulaiman	Lagos
50	Adek Store	Lagos
51	Axxess Nig. Stores	Lagos
52	Tobolson Enterprises	Lagos
53	Tosin Aina & Sons	Lagos
54	Funtad Ventures	Lagos
55	Mrs Bintu Abike Amusan	Lagos
56	Alaba Ogunlana Enterprises	Lagos
57	Alhaja Bashirat Lawal	Lagos
58	Tetac Ventures Nig	Lagos
59	Reutos Venture	Lagos
60	Jonasco Venture Nig	Lokoja
61	Alhaji Bulama Bukar	Maiduguri
62	Alhaji Bala Ngaramu	Maiduguri
63	Alhaji Bukar Karas	Maiduguri
64	Alhaji Garba Kachallah & Sons	Maiduguri
65	Alhaji Umara Gaji	Maiduguri
66	Alhaji Haruna Buba	Maiduguri
67	Alhaji Sale Garba	Makurdi
68	E C N Enterprises	Makurdi
69	Alhaji Abdullai Na Alhaji Musa	Minna
70	Alhaji Malali Tukur	Minna
71	Aliyu Sani & Sons	Minna
72	Robert O Agwaramgbo	Onitsha
73	Mr Cyril C Ajero	Onitsha
74	Onyebuchi Ojobor	Onitsha
75	G N Osili Bros Enterprises	Onitsha
76	Michael Ezike	Onitsha
77	Oluwabukunmi Ventures	Osun
78	Jabneel Foods & Cosmetics	Owerri
79	L O Nwokeforo	Owerri
80	Mrs Teresa N Okeke	Port harcourt
81	G.C.A. Stores	Port harcourt
82	Mrs P.O. Konyeha	Port harcourt
83	Alhaji Adamu Maiturare	Sokoto
84	Alhajigarba Dankane Jega	Sokoto
85	Ibrahim Achida	Sokoto
86	Labaran Trader	Sokoto
87	Alhaji Usman Madugu Illela	Sokoto
88	A. Kende Trading Enterprises	Sokoto
89	Alhaji Maman Kalanbaina	Sokoto
90	Mr Donatus I. Ugwuoke	Suleja
91	Prince Umor Ventures	Uyo
92	Oshepos Nigeria Enterprises	Warri
93	Ceejay Global Resources	Warri
94	Sekongate Nig. Ltd	Warri
95	Mrs Margaret Oduvwu	Warri
96	Alhaji Yakubu Ngoran	Yola
97	Alhaji Buba Jalingo	Yola
98	Alhaji Ilu Yunusa	Yola
99	Alhaji Babayo Usman Enterprises	Yola
100	M/s Amos Ndukauba & Sons	Zaria

OTHER INFORMATION

Board of Directors, officers and other corporate information

Professor E.C. Edozien, OFR	Chairman: Non-Executive (until 31/10/14)
Chief (Dr) Kola Jamodu, CFR	Chairman: Non-Executive (with effect from 01/11/14)
Mr B. Oyelola	Vice Chairman: Non-Executive
Mr C. Giannopoulos (Greek)	Chief Executive
Mr L. Batagarawa	Independent
Ms J. Coker	Executive
Mrs E. Ebi	Independent
Mr A. Goma	Executive
Mr M. Hayatu-Deen	Independent (until 31/10/14)
Mrs O.T. Ifaturoti	Executive
Mr D. Petzer (South African)	Executive
Mr P. Usoro, SAN	Non-Executive

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

OTHER INFORMATION

Notice of meeting

Notice is hereby given that the 67th Annual General Meeting of PZ Cussons Nigeria Plc will be held at Transcorp Hotels, Calabar, Cross River State on Tuesday 29 September 2015 at 11.00 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 2015 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 elect Chief (Dr) Kola Jamodu, CFR, a Director appointed since the last Annual General Meeting who has attained the age of 70. Special Notice has 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.

7. To authorise the Company to procure goods and services for its operations from related third parties where necessary.

By order of the Board

Mr Rotimi Alade
Company Secretary
FRC/2013/NBA/00000004100
45/47, Town Planning Way
Ilupeju Industrial Estate
Lagos
20 August 2015

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, 30 September 2015 to shareholders whose names are on the Register of Members on Friday, 11 September 2015.

Closure of Register
The Register of Members and Transfer Books of the company will be closed from Monday, 14 September to Friday, 18 September 2015 (both dates inclusive) for the purpose of updating the register.

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 which should reach the Company Secretary at least 21 days before the Annual General Meeting. Nominators should bear in mind that the Code of Corporate Governance requires the Board to ensure the constitution of a suitably skilled Audit Committee. Accordingly, the nominees should have basic financial literacy and be able to interpret financial statements.

Unclaimed Dividend Warrants and Share Certificates
Shareholders are hereby informed that several dividend warrants and share certificates remain unclaimed. Some dividend warrants have not been presented to the Bank for payment or to the Registrar for revalidation. The list of such members has been circulated with the Annual Report.

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

Shareholders’ admission form

Please admit shareholder ....

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

To represent him/her at the 67th Annual General Meeting of this Company to be held at 11.00 am on Tuesday 29 September 2015 at Transcorp Hotels, Calabar, Cross River State.

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

Rotomi Alade
Company Secretary

Our business units (namely; PZ Family Care, Producers of quality home care products, Thermocool; manufacturers of World class home appliances, Nutricima; producing nutritious dairy products and beverages, Coolworld; Nigeria's leading electrical retail store and PZ Wilmar; taking palm oil from plantation to plate) are dedicated to improving the well-being of our customers and stakeholders via our innovative brands and market driven solutions. Come and experience the exciting world of PZ CUSSONS Plc. where we make life better.

PZ Cussons FamilyCare   THERMOCOOL ENGINEERING COMPANY   Nutricima The Science of Nutrition   Coolworld   PZ wilmar ltd

PZ Cussons

...making life better

PROUDLY NIGERIAN

Corporate Headquarters:45/47,Town Planning Way, Ilupeju Estate. P.M.B 21132,Ikeja. tel: 01-2717153,01-2717154 email:pzindustries@pzcusson.com
www.pzcussonsng.com www.pzcussons.com

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 67th Annual General Meeting of the Company to be held at 11.00 am on Tuesday 29 September 2015 and of any adjournment thereof.

As witness my/our hands(s) this .... day of September 2015

Signed: ....

Resolution **	For	Against
1. To receive the report and accounts		
2. To declare a dividend		
3. a) To re-elect Mr L. Batagarawa		
b) To re-elect Mrs E. Ebi		
c) To re-elect Mr D. Petzer		
d) To elect Chief (Dr) Kola Jamodu, CFR a Director who is over 70 years of age		
4. To authorise the Directors to fix the remuneration of the auditors		
5. To elect members of the Audit Committee		
6. To approve the remuneration of the Directors		
7. To authorise the Company to procure goods and services for its operations from related third parties where necessary		

** 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.

NOTE: (i) THIS PROXY FORM SHOULD NOT BE COMPLETED AND RETURNED IF THE MEMBER IS 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, any shareholder 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 of 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 authorised in that behalf.

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

E-bonus mandate form

Please credit my account at the Central Securities Clearing System Limited (CSCS) with all subsequent allotments and bonuses due to me from holdings in PZ Cussons.

Instructions
Please fill in the form and return to the address below.

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

Shareholder Account Information

Surname

First name

Other names

Address

City

State

Country

Postal code

Mobile telephone

Email address

Signature

Corporate seal

CSCS details

Authorised signature and 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.

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

E-dividend mandate form

Instructions
Please complete the form and return to the address below:

Only clearing banks are acceptable

The Registrar
First Registrars Nigeria Limited
Plot 2 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 in PZ Cussons Nigeria Plc be paid directly to my/our bank account details named below:

Bank name

Bank address

Bank account number

Shareholder account information

Surname

First name

Other names

Address

City

State

Country

Postal code

Mobile telephone

Email address

Signature

Joint/Company's signature

Corporate seal

Sort code (very important)

Authorised signature and stamp of stockbroker

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

Cussons Baby provides a complete baby skin care solution which naturally cares for a baby's different skin needs. Our understanding of mothers and their natural instincts in the journey of motherhood helps us in developing innovative baby care solutions and which provides immense confidence to mothers in taking care of their little ones. Cussons Baby is currently available in 3 variants;

Mild & Gentle variant nourishes, soothes and calms your baby's smooth skin of due to the milk and chamomile present in it.

Soft & Smooth variant with rose and almond oil moisturises your baby's delicate skin, leaving it feeling smooth and supple .

Cares & Protects variant gives the protection your baby's gentle skin needs from germs and bacteriathat may cause rash, skin irritation or prickly heat.

Cussons baby

...cares and protects


mamador
Smart Choice for heart health and tasty meals
100% PURE QUALITY GUARANTEED
NEW!
100% PURE QUALITY GUARANTEED
mamador
REFINED PALM OLEIN
PURE VEGETABLE OIL
HUILE VÉGÉTALE
facebook.com/MamadorNg
wilmar food ltd
VIRGIN PALM OIL
Your Smart Choice for Healthy & Tasty Meals

This Annual Report and Accounts is available at **www.pzcussons.com.ng**

Designed and produced by Instinctif Partners www.instinctif.com

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