PZ CUSSONS NIGERIA PLC
ANNUAL REPORT AND ACCOUNTS 2016

Creating sustainable value for all

PZ Cussons is a dynamic consumer products company and the business behind some of Nigeria's best-loved and well-known brands. Diverse, growing and exciting, our brands lead in Home Care, Personal Care, Electrical Goods and Food & Nutrition.

For over a century, we have kept our promise of 'Making Life Better' every day in different ways. Our operational diversity and understanding of the commercial landscape allows us to strategically tap potentials for future growth. Our world-class supply chain and distribution networks enable us to meet consumer needs and deliver quality brands across Africa, adding value and enhancing everyday lives. Our people, our greatest asset, live and deliver our CAN DO values.

Mission

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

Vision

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

Values

Our CAN DO values are inspired by the spirit of our founders.

Read more on pages 20-21

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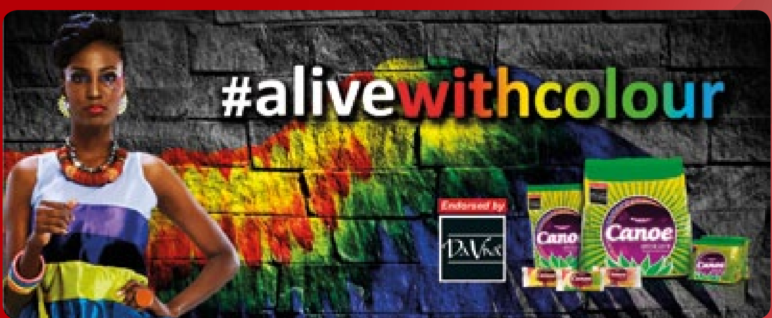


Haier THERMOCOOL
Always there for you.

BE IN CONTROL

INTRODUCING THE HAIER THERMOCOOL 9T FREEZER WITH PENTECOOL TECHNOLOGY

The Haier Thermocool 9T Freezer comes with Pentecool (5 way cooling) Technology; for super-fast freezing, its Digital Temperature Regulator allows you set the temperature as you require and to as low as 25 degrees Celsius. The Freezer's interior is equipped with Cellular Foaming Technology which helps to keep food frozen for up to four (4) days after power outage.

Find out more at www.thermocool.com.ng or like us on Facebook: www.facebook.com/Thermocoolng

...at your service nationwide

BOARD OF DIRECTORS, OFFICERS AND OTHER CORPORATE INFORMATION

Chief (Dr) Kola Jamodu, CFR	Chairman: Non-executive
Mr B. Oyelola	Vice Chairman: Non-executive
Mr C. Giannopoulos (Greek)	Chief Executive Officer
Mr L. Batagarawa	Independent
Ms J.F. Coker	Executive
Mrs E. Ebi	Independent
Mr A. Goma	Executive
Mrs O.T. Ifaturoti	Executive
Mr D. Petzer (South African)	Executive
Mr P. Usoro, SAN	Non-executive
Mr D. Muhammad	Non-executive (Appointed 12/05/16)

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)
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

FINANCIAL HIGHLIGHTS

Positive results in a challenging year

Reported results

Revenue

N69,528m

2015: N73,126m
% change: (4.9%)

Operating profit

N3,250m

2015: N6,651m
% change: (51.1%)

Profit before taxation

N3,148m

2015: N6,557m
% change: (52.0%)

Basic and diluted earnings per share

47 kobo

2015: 102 kobo
% change: (53.9%)

Statutory results

Operating profit

N3,250m

2015: N6,651m
% change: (51.1%)

Profit before taxation

N3,148m

2015: N6,557m
% change: (52.0%)

Basic and diluted earnings per share

47 kobo

2015: 102 kobo
% change: (53.9%)

Final and interim dividend per share

50 kobo

2015: 81 kobo
% change: (38.3%)

Net assets

N43,403m

2015: N43,672m
% change: (0.62%)

CHAIRMAN'S STATEMENT

Despite the extremely challenging environment, we are poised for future growth.

My dear fellow Shareholders, distinguished ladies and gentlemen,

On behalf of the Board of Directors, I am delighted to welcome you all to the 68th Annual General Meeting of our Company to present the Annual Report and Financial Statements for the year ended 31 May 2016. Before I do this, I would like to highlight some of the key events in the operating environment that impacted on the performance of the Company during the year.

Business environment

The year under review witnessed another challenging operating environment, largely caused by the sharp decline in global oil prices. These shocks manifested through various challenges including scarcity of foreign currency, price hikes and weakening consumer demand including down-trading. These, coupled with the disruptions in the Northern part of the country, particularly in the North East, impacted on the Company's performance.

For the calendar year January to December 2015, the country's GDP growth slowed to 2.79% compared to a growth of 6.22% in 2014. Domestic output contracted by 0.36% in quarter one of 2016 (January to March). The negative impact was more severe on the industrial sector which experienced a contraction of 2.24% in 2015, and the decline accelerated further to 5.49% in quarter one of 2016 (January to March). Even though challenges still exist in the economy we are optimistic that the flexible exchange rate policy introduced in June 2016 will result in improved prospects in the coming years.

Despite the deteriorating operating environment, your Company remained focused and managed to deliver a steady performance for the year to grow Shareholder value.

Operating results and performance

Consolidated revenue decreased by 4.9% from N73.1 billion to N69.5 billion due to the adverse economic conditions referred to above.

We continued with our strategic initiatives aimed at increasing Shareholder value and sustaining long-term growth. Innovative projects to improve efficiencies in supply chain continue on track, while attention was increasingly focused on our core brands. We streamlined our product portfolio to make the business more agile in an increasingly competitive and fast changing market. In addition, we launched key projects to improve our processes and to strengthen our back office and business support systems.

The Family Care business experienced a marginal decrease of 2% in revenue compared to the prior year. Improved planning and execution in supply chain and targeted investments in key brands helped to limit the negative impact of the scarcity of foreign currency and other adverse factors. The revenue of the white goods business decreased by 9% as consumers shifted demand from durable consumer goods to foods and other basic necessities. Consequently, and largely due to an exchange loss of N2.9 billion, Group profit before taxation (PBT) dropped by 52% from N6.56 billion to N3.15 billion.

Overall, the Company did well to hold its position in the market, reducing the negative impact of the prevailing adverse conditions, and performing satisfactorily against peers in the sector. The various initiatives mentioned above give the Company a base to improve performance going into the future.

Our balance sheet remains strong with total assets of N74.4 billion compared to N67.4 billion in the previous year. The N1.7 billion of export rebates that are receivable from the Nigerian government mentioned in the prior year report are included in our total assets.

CHAIRMAN'S STATEMENT continued

We returned to a strong cash position which puts us in a flexible and agile position to fund operations and exploit any business opportunities that may arise.

Dividends

Fellow Shareholders, the Board of Directors is recommending to the Shareholders at this AGM a final dividend pay-out of N1.99 billion, representing a payment of 50 kobo per share (2015: 81 kobo). If approved, the dividend will be paid to Shareholders on Friday 7 October 2016, after deducting the appropriate withholding tax.

Products

The business environment for the Fast Moving Consumers Goods (FMCG) sector was extremely challenging during the period under review. Our focus brands in the Personal Care 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 maintained our leadership position in key baby and toilet soaps categories. The extension of the Cussons Baby range into gift packs continues to drive our growth by creating trial opportunities. Cussons Baby soap remains the market leader in the baby soap segment. The Premier range, especially Premier Cool Deo, continued its strong performance, driving our market leadership in the toilet soaps category. The Hot Robb variant gained market share with the Robb range also maintaining its overall leadership in the medicaments category. In our drive to improve and increase consumer awareness of general personal hygiene, we anchored a number of activations and educational programs which 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. Canoe detergents gained share, playing a key role in us holding our market share in the branded detergent category.

To manage the impact of devaluation we ran a number of product optimisation initiatives to ensure the delivery of quality products at affordable prices and accelerated our Active Distributor Development program.

In the Electricals category, we have retained our leading market positions. The category remains very competitive with a plethora of brands operating across many price points and product features. The increasing cost of forex during the year made it necessary to review our selling prices, which subsequently put pressure on total category volumes. Nevertheless, by continuing to build on product innovation and performance, customer network and after sales service, we have managed to maximise the available commercial opportunities.

The Board

During the course of the 2015/2016 financial year, Mr Dahiru Muhammad, a highly experienced banker and business administrator was appointed Non-executive Director on the Board. He brings with him several years of diverse experience acquired in both the public and private sectors. Please join me in welcoming Mr Muhammad to the Board.

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 programs for senior managers in addition to several developmental programs at junior levels during the year.

Corporate Social Responsibility

The mission of the PZ Cussons Foundation is to improve the welfare of Nigerians by working in partnership with local communities, government and other NGOs. We aim to deploy sustainable projects that have a positive impact, and ensure these corporate social investments have maximal community involvement and wide geographical spread. Our priority areas of intervention are health education and potable water. Our host communities remain our partners.

Since inception, the Foundation has implemented 58 projects in the six geopolitical zones. During the 2015/16 financial year the following projects were commissioned:

- Construction of a community health facility in Gbaiko Community, Niger State
- Donation of a block of classrooms and renovation of a library in Odo-Ere Community, Kogi State
- 2015 edition of the Annual PZ Carex Chemistry Challenge for Secondary Schools in Lagos State
- Donation of two blocks of classrooms with a teachers' office and borehole in Wuro Mijiyawa Community, Taraba State
- 2015 Global Handwashing Day campaign in schools in the rural communities of Benue and Cross River States
- Donation of a block of classrooms at Community Grammar School, Oloko Ikwuano, Abia State
- Construction of a PZ Nasara shea butter processing centre in Kontagora, Niger State
- Construction of a block of four classrooms at Marymount College, Agbor, Delta State.

"Our brands remain strong and popular with consumers, which leaves us well placed to hold our market position and exploit any emerging opportunities"

The future

We regard the current economic challenges as transitory and we remain excited about the future of the Company. Our confidence has been emboldened by positive policy changes being adopted by the government such as the new foreign exchange regime that has been introduced by the Central Bank of Nigeria.

Our brands remain strong and popular with consumers which leaves us well placed to hold our market position and exploit any emerging opportunities. The streamlined product portfolio will gives us the required focus and agility in the marketplace. We will continue to invest in our supply chain processes to optimise operational efficiencies. The SAP implementation project that we launched to improve and strengthen our business processes and systems will also unlock efficiencies and improve decision making in our businesses. Additionally, along with these operational changes we are adapting our management structure to reflect a truly consumer-led organisation. The focus of our sales organisation is to deliver superior Route to Market (RTM) execution that grows our brands and delivers efficiencies to the business.

These changes will integrate global and local perspectives which will have a significant bearing on new product developments (NPDs) to ensure that consumer needs in the local market are the driving force of our investments. All of these innovations and improvements put our Company in a strong position for the future.

Conclusion

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

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

Once again, I thank you all for listening.

Chief Kolawole B. Jamodu, CFR
Chairman
FRC/2013/ICAN/00000001617

2 August 2016

OUR BUSINESS MODEL

Our business model

Our geographies

Delivering growth and expansion across all our geographies

Manufacturers: Nigeria

Export countries: Angola, Benin, Côte d'Ivoire, DR Congo, Gabon, Ghana, Liberia, Mali, Niger, Senegal, Sierra Leone, Sudan, Togo.

Our categories

Leveraging our market-leading brands across all our categories

- **Personal Care**
- **Food & Nutrition**
- **Home Care**
- **Electricals**

World-class supply chain

Creating a world-class supply chain to optimise business and operational efficiency

- **Modern factory footprint**
- **Excellent distribution network**

CAN DO
culture, people and values

Living our values:

- **Courage | Accountability | Networking | Drive | Oneness**

Good4Business

Further integration of sustainability throughout our business:

- **Environment**
- **Business Governance & Ethics**
- **Sourcing**
- **Community & Charity**

Key strategic focus	Risks
Maximising our retail landscape by maintaining a fit for purpose, go-to-market logistics footprint to sharpen delivery of our products and maximise customer loyalty and participation	• Political and economic instability • Exchange rate fluctuations • Regulatory compliance • Security
Leveraging our market-leading brands across all our categories	• Demand risks • Product safety and quality • Business transformation
Building and maintaining our global supply chain capabilities and regional trade structures	• Materials price fluctuations • Health and safety • Supply chain disruptions • Business transformation
Creating an enabling environment for stakeholders to express their passion, commitment and willingness to go above and beyond	• Staff recruitment and talent selection • Staff retention
Integrating Good4Business principles into our global operations	• Sustainability and integrity of raw materials • Climate change mitigation and adaptation • Reputational risks

Our vision

To be a leading consumer brand of choice in our operating markets, delivering innovative, sustainable products created by exceptional people in a unique CAN DO culture that embraces integrity and diversity, and drives the passion to succeed.

Delivering long-term growth in earnings and dividend per share.

How we create value

For investors
- Strong management structure
- Stringent cost controls

For consumers
- Innovative, quality, market-leading brands

For employees
- Living CAN DO values and policies
- State-of-the-art factories and office facilities

For sustainability
- Good4Business policies, governance and strong business ethics

OUR GEOGRAPHIES

Delivering growth and expansion

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

Key

Depots:

Eastern
01 Aba
02 Onitsha
03 Calabar

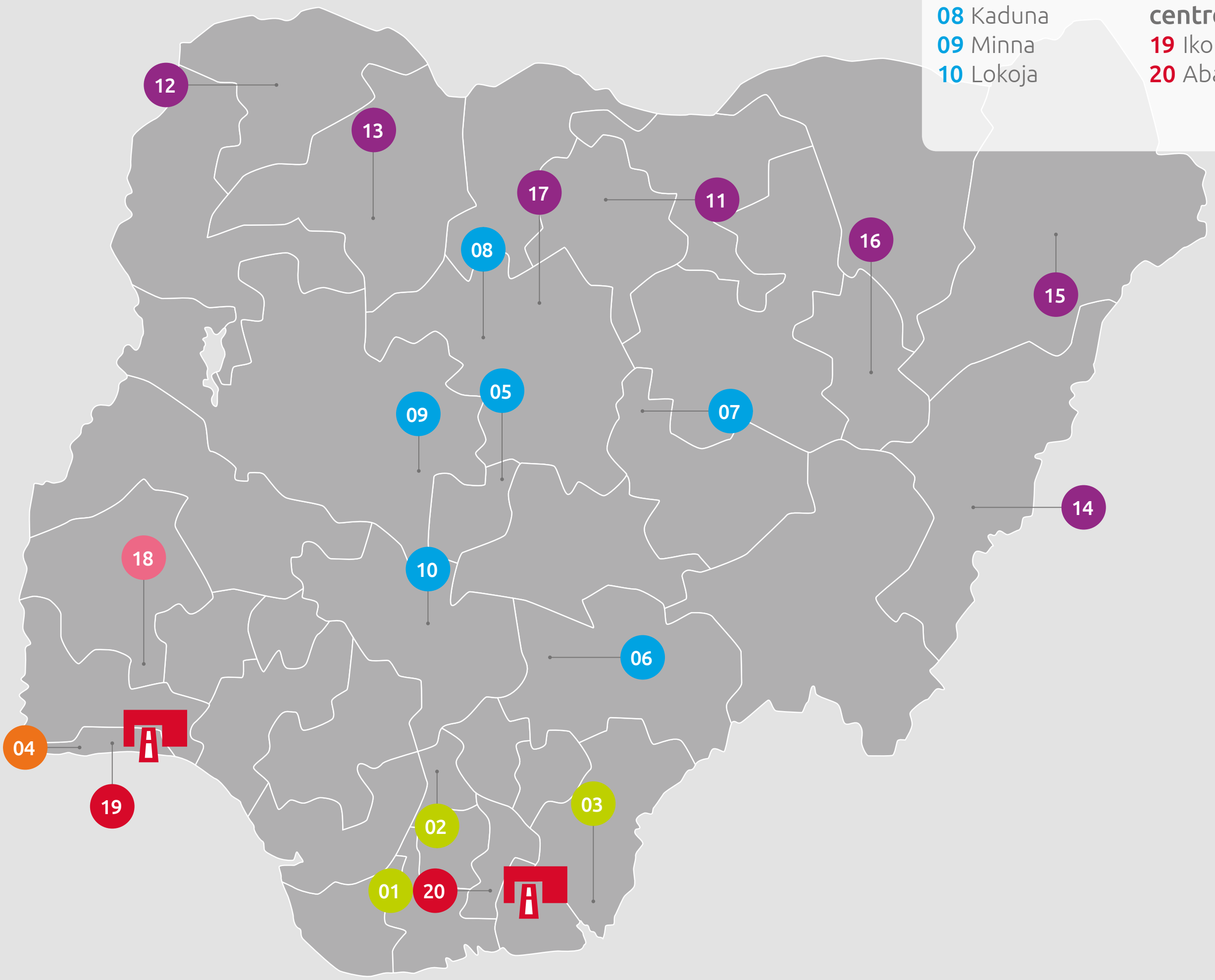
Lagos
04 Isolo

Middle belt
05 Abuja
06 Makurdi
07 Jos
08 Kaduna
09 Minna
10 Lokoja

North
11 Kano
12 Sokoto
13 Gusau
14 Yola
15 Maiduguri
16 Gombe
17 Zaria

West
18 Ibadan

Distribution centres:
19 Ikorodu
20 Aba



Our history

Since 1899 when Paterson and Zochonis opened their first branch office in Nigeria, we have remained the largest operating unit of the PZ Cussons Group. In 1948 we commenced soap manufacturing in Aba and, as the demand for the Company's products grew, we expanded and diversified into new product categories – toiletries, cosmetics, and pharmaceuticals.

With growing confidence and an excellent distribution network, the Company began manufacturing detergent and white goods in 1973; building one of the largest detergent factories in Africa in 1982.

Our geography

As a result of our history, we now have a significant footprint in Africa. Nigeria's huge population of 170 million people provided the foundation for understanding the demanding needs of consumers across the continent.

Our steady growth and increasing consumer recognition provided opportunities for a number of joint venture business units known today as Haier Thermocool – with over 40 years' heritage in the manufacture and distribution of white goods brands; Nutricima (sister company) – manufacturing and sale of powdered milk, evaporated milk and yoghurt drinks; and PZ Wilmar (sister company) – manufacturing and distribution of edible oils.

Expanding markets

We are currently focused on growing in our current geographies rather than expanding into new ones as we believe the geographies where we operate today offer significant growth potential.

We have developed an industry-leading 'Route to Market' capability and an extensive 'Active Distributor' partnership model that has guaranteed our brands are within easy reach of our loyal consumers.

OUR CATEGORIES

Leveraging our market leading brands…

Personal Care

Our Personal Care unit prides itself on the delivery of innovative products and brands that meet consumers' needs. Our rich heritage and equity in toilet soaps has resulted in pioneering the move from washing with bar soaps to the Personal Care range of shower gels and lotions. We have created and grown the Cussons Baby gift packs, aiding brand trials and facilitating growth of the brand.

Our brand engagement platforms continue to generate excitement and brand love amongst consumers across our portfolio. The PZ Carex Chemistry Challenge has positioned the brand at the forefront of Nigerian childhood education, whilst the Premier Cool Manchester City FC partnership lends credence to and reinforces the brand's assets. In medicaments, Robb continues to maintain its position as Nigeria's first relief from symptoms of cold and flu. Other consumer activities were also put in place to sustain the Family Care business as the No1 family care solution provider that makes life better for Nigerians every day.

Home Care

The Home Care unit, consisting of the fabric care and dish wash categories, continues to provide high quality innovative products. Morning Fresh maintained its leadership position in the dish wash category despite the influx of stiff international and local competition.

Our fabric care category, made up of laundry soap, branded detergent and bulk detergent has different brand options to meet specific consumer needs – Canoe for 'Colour Care' protection, Zip which delivers 'Unbeatable Whites' and Tempo Bulk which takes care of the economy consumer market. Our brand equity initiatives have yielded positive results and established a large footprint across the North with the market penetration and leadership of Zip detergent, while the Canoe partnership with Da Viva textiles continues to reinforce the brand's unique 'Colour Care' proposition and #alivewithcolour campaign.

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

Food & Nutrition

Our Food & Nutrition category is a diverse and ever-growing area of our business. Not only do we pride ourselves on developing great tasting and nutritious foods, we aim to make a real difference to communities and families with our food products from production to consumption.

Cooking

Our sister company, PZ Wilmar, has successfully leveraged two strong brands (Mamador & Devon King's) to tap into the needs of both premium and economy consumers. We continue to invest in our brand equity, expand our geographic spread and distribution channels, and build and develop our team towards greater heights. This brand strength has also set the tone for extensions into other food/cooking ingredient categories.

Dairy products

For the dairy business in Nigeria, Nutricima (our sister company) with the Nunu and Olympic brands as key drivers, is the largest company in the Group and has been fully owned by the Group since April 2015. Our '360 degree' strategic execution covers all consumer touch points by driving trial awareness and increasing the chances of repeat purchases. This results in a significant trade impact, with shoppers driving sales and visibility, and inclusion on the 'must stock list'.

Electricals

Our operation in this category comes with a good heritage. HPZ Limited is a joint venture between PZ Cussons Nigeria Plc (Thermocool) and the Haier Group. With over 40 years of experience, the Thermocool brand is the most trusted, No1 white good brand in Nigeria and has become a household name.

Combining cutting edge technology to address everyday household challenges, Thermocool is built for life in Nigeria. The range of products, from refrigerators, freezers, air conditioners, cookers, washing machines and dryers, to water dispensers, microwave ovens and power-supply generators, combined with quality, performance and style, guarantees we are the first choice for consumers equipping their homes.

Coolworld Electrical Retail Stores (sister company) is the leading electrical retailer in West Africa providing solutions and enhancing the lifestyle of its customers. Coolworld is Thermocool's No1 retailer. Being our service brand, we deliver the most enjoyable, world-class shopping experience at every contact: in store, online or in person. We offer unbeatable customer service, product expertise, flexible payment options, leading warranties and unrivalled after sales services.

OUR CATEGORIES

...across all our categories

We win through understanding local consumers and being focused on a smaller portfolio of larger, more profitable brands. You may not know it, but we're the business behind some of Nigeria's best-known and best-loved brands. During the year, we leveraged our unique approach of constantly challenging ourselves and looking for new and better ways to enhance our consumers' lives – it's all about adding a little bit of extraordinary to every day.

Personal Care

Partnership with Manchester City FC

PZ Cussons signed a three-year partnership with Manchester City FC to become the club's official partner in Nigeria. For Robb, the partnership provides a platform to strengthen the brand's reputation as the 'best first relief' for muscular aches, nasal congestion and catarrh and its support for physical fitness at all levels in life.

Robb, together with other PZ Cussons brands, Olympic and Premier Cool, is associated with the 'Be a Player' promotion that links our brands with Nigeria's most-loved sport, and with a team playing in the English Premier League, the most watched league in Nigeria.

Cussons Baby of the Year 2016

Oritsejolomisan Nina Grant emerged the winner of Cussons Baby of the Year 2016, surpassing over 600 other babies. After a number of stages which involved screening and voting, Nina outshone the other contestants with her looks, charm and personality.

Home Care

Canoe – #alivewithcolour with Da Viva

In fabric care, Canoe has continued building on the partnership with Da Viva – a contemporary clothing line and fashion designer with a unique blend of cutting edge designs and vibrant colours associated with traditional African fabrics.

The partnership reinforces Canoe's colour care proposition and supports the #alivewithcolour campaign, strengthening the brand's imagery and heritage in the minds of Nigerian consumers, and further building a solid share base for Canoe detergent.

Food & Nutrition

Mamador – endorsed by the Nigerian Heart Foundation

Recently the Nigerian Heart Foundation, an affiliate of the World Heart Federation in Geneva, recognised Mamador cooking oil as a heart friendly cooking oil product and recommended it to Nigerian consumers. All of the brand's claimed benefits, including its cholesterol-free claim, vitamin enrichment and Omega 6 and 9 content, were tested and confirmed, and Mamador cooking oil was therefore certified by the NHF. This brand is owned by our sister company PZ Wilmar Limited.

Electricals

Maintaining market share through innovation

Thermocool consistently provides innovative products, ensuring long lasting customer satisfaction so that the Thermocool experience continues long after consumers leave the showroom. The Thermocool brand builds and delivers on the three pillars of performance, durability and service through customised solutions for Nigerian consumers.

OUR WORLD-CLASS SUPPLY CHAIN

Creating a world-class flexible supply chain…

Our supply chain mission in Africa is to support the Group's strategy of sustainable growth via an externally focused and competitive customer services agenda, which enables us to compete across all categories, businesses, operating units and markets in Africa.

Key

Manufacturers/ distributors
01 Nigeria

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

"Our supply chain is a valued part of the business in winning Africa."

The key pillars of our supply chain performance

A regional-cum-global procurement organisation and operation
This enables us to leverage our scale towards unlimited access to supplies of input materials and feedstock for our plants, at competitive prices across the globe. By partnering and interfacing with our suppliers across Africa, Asia and Europe we bring value into the business.

A manufacturing capability that confers a winning edge
In Africa, in the absence of strong regional trade structures, our manufacturing capability is a major advantage. We continually update and invest in our manufacturing plants, making them second to none in our categories, which gives us both cost and quality advantage in the market. We leverage our global technical expertise to translate our dreams into reality.

A fit for purpose, go-to-market logistics footprint
The logistics footprint is evolving and being optimised to cope with current challenges. Combined with world-class warehouse infrastructure, it enables rapid deliveries to markets and customers across our geographies.

Our global freight forwarding system and customs clearing management delivers an efficient inbound logistics operation and creates additional value for the Group.

A global (5+2) customer services agenda that sharpens delivery
We are evolving a customer services agenda that is driven by:

- Customer relationship management
- SAP-driven business systems that rely on best processes
- Stock optimisation: right quantity, right place
- Regional sales & operational planning
- Physical logistics.

OUR WORLD-CLASS SUPPLY CHAIN

…to optimise business and operational efficiency

We are building a bigger, better supply chain. We are increasing our business flexibility, agility and our distribution network – supported by new technology and processes.

Process transformation

Eagle – Africa

The Eagle Project is a global business transformation programme supporting the new Target Operating Model (TOM) for the business. The objective is to drive simplification and standardisation so that the business has the optimum processes and systems to support our future business growth.

The project is divided into three waves with the first wave already implemented successfully and reaping benefits in Asia. The second wave, known as Wave 2, involves implementation in Africa and Singapore.

Wave 2 is currently underway, with the design phase already completed, and the remaining phases on track.

Efficiency transformation

Aba site cooling tower – recycling our water

The cooling tower recirculates and cools the water required by one of the soap drying machines at the Aba factory, reducing the quantity of water extracted from the borehole by 180,000m^3 per annum whilst at the same time reducing the quantity of waste water leaving the facility by 120,000m^3 per annum.

Workplace transformation

Renovated head office

The newly renovated head office building at Ilupeju was formally commissioned on 3 June 2016. It was a day of excitement for staff, who were educated on the historical progression of the Company to date. Staff bonding activities under an 'Old School' theme added colour. In warm pastel colours with modernised large windows allowing a lot of natural lighting, the building's aesthetics make it one of the most modern in Nigeria.

OUR CAN DO VALUES

Living our values

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

What we value

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.

Our people, our greatest asset

At PZ Cussons, we know that one of our greatest assets is our people. That's why we have created our CAN DO culture that enables our employees to flourish and develop their talents within a unique environment. As part of our global family, we employ 5,000 like-minded people throughout our African, Asian and European operations who share the same CAN DO values and passion to work together to achieve our future sustainable growth ambitions.

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 cooperation 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 and quiet achievers. We treat each other with respect regardless of status. We act professionally and together we celebrate success with understated pride.

CREATING VALUE BY BEING GOOD4BUSINESS

G4B

Sustainable value at the heart of our business strategy

As part of our wider programme of business transformation, we have evolved our approach to corporate social responsibility (CSR). In June 2015 we launched Good4Business which explicitly links CSR to business success and elevates our commitments beyond doing good business to creating sustainable value. The PZ Cussons Foundation falls under one of the four focus areas of Good4Business – 'Community & Charity'.

Creating sustainable value

Eight projects were commissioned during the year, with education receiving the lion's share of available funding. There has been and continues to be a huge demand for access to education that puts enormous pressure on the facilities essential for successful learning.

We believe that the government alone cannot overcome the problems of classroom overcrowding, hostel accommodation and facilities such as libraries being over-stretched or totally absent.

CORPORATE SOCIAL RESPONSIBILITY

Globally, our Good4Business principles are based around four areas in which we believe our operations have the greatest potential for impact. One of the focus areas is on 'Community and Charity' which covers the activities of the PZ Cussons Foundation in Nigeria.

2015 has turned out to be the most exciting and busiest year for the Foundation to date. Project locations had a wide geographical spread and therefore involved a lot of travelling to meet members of various communities as well as monitoring the projects to completion. The special song renditions during commissioning, the hoots of laughter and the genuine appreciation of the school children and adults alike created truly heartwarming, joyous occasions.

2015 PZ Carex Chemistry Challenge

The PZ Cussons Chemistry Challenge, now the PZ CAREX Chemistry Challenge (PZCCC) is an initiative of the PZ Cussons Foundation and is aimed at inspiring the learning of chemistry amongst secondary school students in Lagos State.

The third annual edition of the competition, involving three rigorous stages, kicked off on 7 November 2015, with registrations from over 500 schools (public and private) in Lagos State. Each school presented its best two students and over a thousand students participated in the first stage of the competition, which was held in 10 centres across the state.

During the year, eight projects were commissioned/launched, with one still ongoing:

Area	Project	Community	Date of commissioning
Kogi State	School renovation/library	Odo-Ere Community	22.06.15
Niger State	Construction of a community health facility	Gbaiko Community	14.07.15
Benue & Cross River States	Sponsorship of Global Handwashing Day	Obanliku, Abi Bekwarra Logo, Alaide	15.10.15
Lagos State	2015 Carex Chemistry Challenge	Lagos	12.12.15
Taraba State	Provision of classrooms and borehole	Wuro Mijiyawa	18.02.16
Abia State	Construction and donation of a block of classrooms	Oloko Ikwuano	23.03.16
Niger State	Construction of a shea butter processing plant	Kontangora	19.04.16
Delta State	Construction and donation of a block of classrooms	Boji Boji Agbor	15.06.16
Katsina State	Provision of a mobile maths laboratory	Katsina	Ongoing project

2015 Education CSR: construction, renovations and commissioning of infrastructure

Okuta-Dudu High School, Odo-Ere, Kogi State

The Foundation commissioned and handed over the fully furnished block of classrooms and the newly renovated John Giannopoulos Library, which was first built in the early 80s.

Commissioning of a block of classrooms at Community Grammar School, Oloko Ikwuano, Abia State

Commissioning of two blocks of classrooms with a teachers' office and borehole at Wuro Mijiyawa Community, Taraba State

Global Handwashing Day Finale, 15 October 2015

Global Handwashing Day is an annual global advocacy day dedicated to increasing awareness and understanding of the importance of handwashing with soap as an easy, effective, and affordable way to prevent diseases and save lives.

The two week long campaign (2–15 October 2015) saw Carex and Concern Universal take the handwashing campaign to schools in the rural communities of Benue State and Cross River State, with the aim of changing the handwashing habits of the children. Three LGAs in each state were visited; Logo, Alaide & Agatu in Benue State and Obanliku, Abi and Bekwarra in Cross River State.

Over 2,000 children were empowered as 'Hygiene Heroes' – handwashing promoters – in their schools, families and communities, and they also competed to show that they had the 'CareX Factor'! This talent competition enabled the children to get creative about handwashing by performing their own version of the campaign's anthem 'Wash Your Hands O!' by Sunny Neji.

The winners of each LGA, as judged by a panel of local leaders, competed against other regional winners at the grand finale event on Global Handwashing Day itself (15 October) for fantastic prizes and the chance to perform with Sunny Neji and his band.

Inner Heart – Employee CSR initiative

In July 2013, PZ Cussons Nigeria Plc launched 'Inner Hearts', an employee initiative to complement the activities of the PZ Cussons Foundation. Totally funded by the employees, the primary objectives are:

- to create a love for charity and good deeds in the heart of every PZ employee;
- to demonstrate PZ Cussons employees' love for Nigeria and its communities; and
- to create a culture of team work amongst PZ staff as well as fostering inter-departmental relations.

Since inception, PZ employees as individuals, groups, departments and SBUs have implemented several projects that ranged from donating to colleagues' medical needs, building toilets in schools where the children use the bush, and donating to prisons, orphanages and IDP camps, to simple programs such as giving lectures in public schools. All projects are funded by the employees.

Below is an excerpt from the global launch of Inner Hearts by our Global CEO, Dr Alex Kanellis:

"Inner Hearts to me, shows our CAN DO spirit in action and how our employees are living our values within their communities for the good of others. Inner Hearts is the golden thread that connects us and demonstrates to the world that we care about our local communities and we are passionate about enhancing lives and securing futures."

Inner Hearts to IDP Camp Yola

144 PZ Nigeria employees under our 'Inner Hearts' umbrella took it upon themselves to voluntarily donate their monthly product packs to Nigerians who, through no fault of their own, were displaced from their homes and farmlands without an opportunity to take any of their possessions. The North East region, once their safety net, had become the home of insurgents and their lives were periodically threatened by suicide bombers.

Inner Hearts PZ Cussons EMPLOYEES


Nutricima
Olympic
Milk Range
Live Fit, Live Life
Olympic
NUTRIACTIVE™
REDUCED CHOLESTEROL
CONTAINS VITAMIN A & CALCIUM
Instant Filled Milk Powder
Lait Instantané Avec Matiére Grasse Végétale
LOW ON CHOLESTEROL
NUTRITION FOR HEART HEALTH
LOW CHOLESTEROL
Filled Evaporated Milk
Lait concentré non-sucré
Healthy Choice

Governance

Contents

BOARD OF DIRECTORS

1. Chief 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 Chartered Institute of 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 Board of United Bank for Africa Plc. He is also the immediate past President of the Manufacturers Association of Nigeria.

2. 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 of the Nigerian Society of Chemical Engineers, member of the Nigerian Institute of Management, and Vice President of the Manufacturers Association of Nigeria (MAN). He was appointed as the Vice Chairman of the Board of Directors in 2008.

3. Mr Christos Giannopoulos
Chief Executive Officer

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

4. Mrs Yomi Ifaturoti
Corporate Affairs & Admin Director

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 for Nigerian Hoechst Ltd as a Marketing Analyst and for 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 a 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 Governance/People Committee and is also a Fellow of the Chartered National Institute of Marketing of Nigeria.

5. Mrs Elizabeth Ebi
Non-executive

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 the 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 an MBA in Finance and Investment, Mrs Ebi had a stellar 15-year 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, and is a Fellow of the Chartered Institute of Stockbrokers. She was a two term member of the Technical Committee of the National Council on Privatisation.

6. Mr Lawal Batagarawa
Non-executive

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 Minister for Defence. Between 2003 and 2007 he was the Special Adviser to the President on Intra-Party Relations.

2 4 7 9 8 11

10. 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 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.

11. Mr Dahiru Muhammad, FCIB

Non-executive

Mr Dahiru Muhammad, a Fellow of the Chartered Institute of Bankers, was educated at the Ahmadu Bello University, Zaria and Vanderbilt University, Nashville, Tennessee, USA. He was a lecturer in Economics at the University of Maiduguri and former Managing Director and CEO of New Africa Merchant Bank Ltd. from which he retired in 1994.

Since then he has established a consultancy firm, Ardo Investments Ltd., as well as manufacturing outfits in plastics and oil and gas. Mr Muhammad has extensive boardroom experience being on the board of several diverse organisations. He served as non-executive director of the Central Bank of Nigeria, and the Nigeria Security Printing and Minting Company Plc, and as Chairman at Newdevco Financial Services Ltd. He is currently on the Board of PZ Cussons Foundation, and the Pension Administrators Association of Nigeria, and a member of the Governing Council of Bells University of Technology, Ota.

7. Mr Alex Goma

Managing Director – Family Care

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 the 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 for 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.

8. Mr David Petzer

Chief Financial Officer

Mr Petzer is a graduate of Commerce and Accounting with a Postgraduate Diploma in Risk Management from the University of Cape Town, South Africa. He is a member of the South African Institute of Chartered Accountants with considerable experience spanning 17 years.

Before joining the Company, he had worked with KPMG in South Africa as General Accounting Manager. He had also worked with the British American 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.

9. 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 the East, West & Central Africa region.

She earned her first degree from the University of Lagos and a Master of Arts in Human Resources Management from the University of Westminster, London, and is an alumnus of the London Business School. She is a member of Chartered Institute of Personnel Management Nigeria as well as the Institute of Directors.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2016

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 2016 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	1,863,013

Dividend

The Directors are pleased to recommend to the Shareholders the payment of a final dividend of 50 kobo per share amounting to N1,985 million (2015: 81 kobo per share amounting to N3,216 million).

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

	2016	2015
Chief K.B. Jamodu, CFR	3,416,880	3,416,880
Mr B. Oyelola	244,336	244,336
Mr C. Giannopoulos	–	–
Mr L. Batagarawa	20,706	20,706
Mrs E. Ebi	–	51,500
Ms J.F. Coker	3,889	3,889
Mr A. Goma	25,000	25,000
Mrs O.T. Ifaturoti	12,245	22,245
Mr D. Muhammad	–	–
Mr D. Petzer	–	–
Mr P. Usoro	1,000,000	1,000,000

There was no change in the above holdings as at 2 August 2016.

Interest in contracts

In accordance with Section 277 of the Companies and Allied Matters Act, Mr Paul Usoro, SAN hereby notifies the Company that he is a Partner in the law firm of Paul Usoro & Co which renders Legal Advisory services to the Company. No other Director 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 office must retire at the Annual General Meeting. They may offer themselves for re-election. Accordingly Mr T. Oyelola, Ms J.F. Coker and Mr P. Usoro will be retiring at the meeting, and, being eligible, they have offered themselves for re-election.

Mr Dahiru Muhammad was appointed to the Board after the last Annual General Meeting. The appointment is now being presented for Shareholders' approval at the Annual General Meeting .

Records of Directors' attendance

In compliance with Section 258 (2) of the Companies and Allied Matters Act the Record of Directors' Attendance at Board Meetings in the 2015/2016 financial year 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 2015/2016 financial year.

The meetings were presided over by the Chairman. In all cases written notices of meetings, meeting agendas and 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 the table below shows the number of Board meetings during the year and members' attendance at the meetings:

Director	Meetings while on the Board	No. of meetings attended
Chief Kola Jamodu	5	5
Mr B. Oyelola	5	4
Mr C. Giannopoulos	5	5
Mr L. Batagarawa	5	4
Ms J.F. Coker	5	5
Mrs E. Ebi	5	3
Mr A. Goma	5	4
Mrs O.T. Ifaturoti	5	4
Mr D. Petzer	5	5
Mr P. Usoro, SAN	5	4

The meetings were held on 20 August 2015, 29 September 2015, 26 January 2016, 17 March 2016 and 12 May 2016.

Major shareholdings

According to the Register of members as at 31 May 2016, PZ Cussons (Holdings) Limited UK held 2,889,467,241 shares. This represents 73.03% of the paid-up capital of the Company.

Analysis of shareholdings

The shareholding pattern of the Company as at 31 May 2016 as advised by the Registrar is as stated below:

Range	No. of Holders	Holders %	Units	Units %
1 – 1,000	23,993	31.48	10,434,625	0.26
1,001 – 5,000	23,688	31.08	58,638,031	1.48
5,001 – 10,000	11,784	15.46	90,161,250	2.27
10,001 – 50,000	14,511	19.04	297,163,950	7.48
50,001 – 100,000	1,213	1.59	85,044,136	2.14
100,001 – 500,000	866	1.14	169,767,937	4.28
500,001 – 1,000,000	77	0.10	54,153,214	1.36
1,000,001 – 5,000,000	68	0.09	147,652,641	3.72
5,000,001 – 10,000,000	2	0.00	15,344,411	0.39
10,000,001 – 50,000,000	7	0.01	142,649,609	3.59
50,000,001 – 3,970,477,045	1	0.00	2,899,467,241	73.03
	76,211	**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 2016.

Board Committees

The Board has established Standing Committees whose terms of reference clearly spell out their roles, responsibilities and scope of authorities. To ensure compliance with best practice in corporate governance each Committee is chaired by a Non-executive Director.

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 previous Annual General Meeting for a tenure of one year and three representatives of the Board of Directors. The meetings of the Committee were attended by the Head of Internal Control and representatives of PricewaterhouseCoopers, the Company's external auditors.

The following Directors served on the Committee during the year:

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

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

Name	No. of meetings held	No. of meetings attended
Professor A. Osuntogun	3	3
Mr O.I. Obarinde	4	4
Mr E.A. Akinduro	4	4
Mr B. Oyelola	4	3
Mr L. Batagarawa	4	3
Mrs O.T. Ifaturoti	4	3

The meetings were held on 19 August 2015, 12 January 2016, 15 March 2016 and 12 May 2016.

Risk Management Committee

The Committee has responsibility for:

- review of the Company's risk management policies and the adequacy and effectiveness of control;
- review of the Company's compliance level with relevant regulations that may impact the Company's risk profile; 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
- Mrs E. Ebi
- Mr A. Goma
- Mr B. Oyelola
- Mr D. Petzer

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

Name	No. of meetings held	No. of meetings attended
Mr L. Batagarawa	3	3
Mr C. Giannopoulos	3	3
Mr B. Oyelola	3	3
Mrs E. Ebi	3	3
Mr D. Petzer	3	3
Mr A. Goma	3	3

The meetings were held on 16 October 2015, 19 January 2016 and 15 March 2016.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2016 continued

Governance/People Committee
The Committee advises the Board on the appointment of Directors, corporate governance matters, staff welfare and remuneration, talent management and other strategic employees 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

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

Name	No. of meetings	Attendance
Mr P. Usoro	4	3
Mr B. Oyelola	4	4
Mr C. Giannopoulos	4	4
Mrs O.T. Ifaturoti	4	4
Ms J.F. Coker	4	4

The meetings were held on 28 October 2015, 19 January 2016, 8 March 2016 and 4 May 2016.

Corporate Governance Report
The Board is committed to meeting the standards of best practice set out in the Code of Corporate Governance 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 11 Directors: six Non-executive Directors and five Executive Directors.

The profile of the Board comprises distinguished individuals with diverse skills and competences in different areas of the Company's business. This continually ensures the realisation of the set corporate objectives.

In line with best practice, the position of the Chairman is distinct from that of the Group Chief Executive Officer. The Chairman is Chief Kola Jamodu, CFR, 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 coordinating the running of the business and implementing strategies.

Independent Directors
In compliance with the Code, two of the six 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 interests 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, 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 vacancy at a Board meeting. New Directors are selected through carefully articulated selection guidelines that place emphasis on integrity, skills and competences relevant to the Company's goals and aspirations. The Policy confers on the Governance/People Committee the responsibility of identifying individuals with a track record of outstanding achievements and potential for value enhancement. The Committee's recommendation is subjected to further scrutiny by the Board before a decision is taken. The appointed Director is made to undergo an induction programme to equip and familiarise him/her with the requisite knowledge and information about the Company and its business. The appointed Director is presented to the next Annual General Meeting for election.

Furthermore a 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.

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

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

Communication with Shareholders
The Board is committed to an open and consistent communication policy with Shareholders and other stakeholders. The guiding principle is that all Shareholders should be given equal treatment in equal situations. Thus price sensitive information is published in full in a timely, 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 on 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 the Shareholder's account with the 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 them being lost in the post.

Fixed assets
Movements 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 500 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. PZ Power and PZ Tower were merged into the parent company PZCN on 31 December 2015.

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

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

Health, safety and welfare
The Group recognises that the health and safety of its employees, customers, contractors and other stakeholders are 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 situations. 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 in training
The Group is committed to keeping employees informed regarding the Group's performance and progress through regular briefings and meetings. Their views are sought wherever practicable on matters which affect them as employees. The Group believes that the professional and technical expertise of its managers constitutes a major asset, and investment in developing such skills continues to receive attention.

The Group's skill base has been steadily expanding with the range of training provided for career development within the Group.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2016 continued

Statement of compliance
We hereby affirm that the SEC Code of Corporate Governance governs the operations of the Company and confirm that to the best of our knowledge we are in compliance with the Code.

Complaint Management Policy
The Complaint Management Policy sets out the broad framework of how the Company and its Registrars attend to issues and concerns raised by Shareholders and provides the opportunity for Shareholders to give feedback to the Company. The Company is dedicated to ensuring great standards of service to 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 information readily available to Shareholders.

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

BY ORDER OF THE BOARD

R. A. Alade
Company Secretary
FRC/2013/NBA/00000004100
Lagos, Nigeria
2 August 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MAY 2016

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
2 August 2016

Mr Christos Giannopoulos
Chief Executive Officer
FRC/2013/IODN/00000004206
2 August 2016

REPORT OF THE AUDIT COMMITTEE
FOR THE YEAR ENDED 31 MAY 2016

To the members of PZ Cussons Nigeria Plc

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

- reviewed the scope and planning of the audit requirements and found them adequate;
- reviewed the financial statements for the year ended 31 May 2016 and are satisfied with the explanations obtained;
- reviewed the external auditors' management letter for the year ended 31 May 2016 and are satisfied that management is taking appropriate steps to address the issues raised; and
- ascertained that the accounting and reporting policies for the year ended 31 May 2016 are in accordance with legal requirements and agreed ethical practices.

The external auditors confirmed having received full cooperation from the Company's management and that the scope of their work was not restricted in any way.

Professor C.A. Osuntogun, OFR
Chairman, Audit Committee
29 July 2016

Members of the Audit Committee

• Professor C.A. Osuntogun (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

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 2016 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 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 2016 and of their financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

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

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.

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

11 August 2016

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

RESULTS AT A GLANCE
FOR THE YEAR ENDED 31 MAY 2016

	The Group		%
	2016 N'000	2015 N'000	Increase/ (decrease)
Revenue	**69,527,537**	73,126,070	(4.9)
Operating profit	**3,249,523**	6,651,022	(51.1)
Profit before taxation	**3,148,196**	6,556,814	(52.0)
Taxation	**(1,018,507)**	(1,986,027)	(48.7)
Profit for the year	**2,129,689**	4,570,787	(53.4)
Non-controlling interest	**266,676**	517,503	(48.5)
Profit attributable to equity holders of parent company	**1,863,013**	4,053,284	(54.0)
At year end:			
Share capital	**1,985,238**	1,985,238	
Shareholders' fund	**40,900,644**	41,436,794	
Per 50k share data:			
Based on 3,970,477,045 ordinary shares of 50k each:			
Basic and diluted earnings per share (Naira)	**0.47**	1.02	
Adjusted earnings per share (Naira)	**0.47**	1.02	
Number of employees	**1,786**	1,869	
Stock exchange quotations in Naira (Company):			
As at 31 May	**21.66**	28.66	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2016

	Notes	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Revenue	16a	69,527,537	73,126,070	69,527,537	73,126,070
Cost of sales		(52,209,703)	(52,672,138)	(57,487,627)	(59,884,674)
Gross profit		17,317,834	20,453,932	12,039,910	13,241,396
Selling and distribution costs		(8,825,636)	(9,248,099)	(6,358,556)	(6,412,591)
Administrative expenses		(5,242,675)	(4,554,811)	(4,547,281)	(4,061,998)
Operating profit		3,249,523	6,651,022	1,134,073	2,766,807
Other income	16b	286,084	121,861	487,694	1,011,694
Interest income	25	210,256	228,794	8,417	94,802
Interest cost	25	(597,667)	(444,863)	(853,304)	(725,903)
Net finance cost		(387,411)	(216,069)	(844,887)	(631,101)
Profit before taxation		3,148,196	6,556,814	776,880	3,147,400
Taxation	14	(1,018,507)	(1,986,027)	(386,881)	(978,533)
Profit for the year		2,129,689	4,570,787	389,999	2,168,867
Total comprehensive income for the year		2,129,689	4,570,787	389,999	2,168,867
Total comprehensive income for the year attributable to:					
Equity holders of the parent company		1,863,013	4,053,284	389,999	2,168,867
Non-controlling interest		266,676	517,503	–	–
		2,129,689	4,570,787	389,999	2,168,867
Basic and diluted EPS (Naira)	18	0.47	1.02	0.10	0.55

The notes on pages 44 to 71 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MAY 2016

		Group		Company	
	Notes	**31 May 2016 N'000**	31 May 2015 N'000	**31 May 2016 N'000**	31 May 2015 N'000
Assets					
Non-current assets					
Property, plant and equipment	4	**26,504,924**	25,217,847	**25,339,722**	19,239,673
Investments in subsidiaries	5	**–**	–	**504,406**	526,406
		26,504,924	25,217,847	**25,844,128**	19,766,079
Current assets					
Inventories	6	**19,278,455**	21,012,631	**14,342,118**	13,241,598
Trade and other receivables	7	**15,587,350**	17,912,325	**11,358,182**	13,085,927
Deposits for letters of credit	8	**191,791**	916,639	**191,791**	439,431
Cash and cash equivalents	9	**12,867,654**	2,328,472	**4,524,881**	1,573,626
		47,925,250	42,170,067	**30,416,972**	28,340,582
Total assets		**74,430,174**	67,387,914	**56,261,100**	48,106,661
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		**32,037,137**	32,573,287	**24,928,782**	17,721,422
Equity attributable to equity holders of parent company		**40,900,644**	41,436,794	**33,792,289**	26,584,929
Non-controlling interest		**2,502,326**	2,235,650	**–**	–
Total equity		**43,402,970**	43,672,444	**33,792,289**	26,584,929
Liabilities					
Non-current liabilities					
Deferred taxation	11	**3,694,005**	3,903,589	**4,108,185**	3,757,845
Provisions	12	**237,544**	248,900	**–**	–
		3,931,549	4,152,489	**4,108,185**	3,757,845
Current liabilities					
Trade and other payables	13	**25,716,237**	17,834,536	**18,034,963**	17,129,501
Current taxation payable	14	**1,289,711**	1,671,311	**325,663**	634,386
Provisions	12	**89,707**	57,134	**–**	–
		27,095,655	19,562,981	**18,360,626**	17,763,887
Total liabilities		**31,027,204**	23,715,470	**22,468,811**	21,521,732
Total equity and liabilities		**74,430,174**	67,387,914	**56,261,100**	48,106,661

The financial statements on pages 39 to 73 were approved by the Board of Directors on 2 August 2016 and signed on its behalf by:

Chief (Dr) Kola Jamodu, CFR
Chairman
FRC/2013/ICAN/00000001617

Mr Christos Giannopoulos
Chief Executive Officer
FRC/2013/IODN/00000004206

Mr Oluwasegun Agbekeye
Head of Finance
FRC/2013/ICAN/00000004098

The notes on pages 44 to 71 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2016

	Group Attributable to owners				
Year ended 31 May 2016	**Share capital N'000**	**Share premium N'000**	**Retained earnings N'000**	**Non-controlling interest N'000**	**Total N'000**
At 1 June 2015	**1,985,238**	**6,878,269**	**32,573,287**	**2,235,650**	**43,672,444**
Profit for the year	**–**	**–**	**1,863,013**	**266,676**	**2,129,689**
Total comprehensive income for the year	**–**	**–**	**1,863,013**	**266,676**	**2,129,689**
Transactions with owners:					
Final dividend paid relating to year ended 31 May 2015	**–**	**–**	**(2,421,991)**	**–**	**(2,421,991)**
Unclaimed dividend forfeited	**–**	**–**	**22,828**	**–**	**22,828**
Total transactions with owners	**–**	**–**	**(2,399,163)**	**–**	**(2,399,163)**
At 31 May 2016	**1,985,238**	**6,878,269**	**32,037,137**	**2,502,326**	**43,402,970**

	Group Attributable to owners				
Year ended 31 May 2015	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

The notes on pages 44 to 71 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2016 continued

	Company Attributable to owners			
Year ended 31 May 2016	**Share capital N'000**	**Share premium N'000**	**Retained earnings N'000**	**Total N'000**
At 1 June 2015	**1,985,238**	**6,878,269**	**17,721,422**	**26,584,929**
Profit for the year	**–**	**–**	**389,999**	**389,999**
Total comprehensive income for the year	**–**	**–**	**389,999**	**389,999**
Transactions with owners:				
Excess of net assets acquired over purchase consideration arising from the merger of PZ Tower Limited and PZ Power Company Limited with the Company (Note 5)	**–**	**–**	**9,216,524**	**9,216,524**
Final dividend paid relating to year ended 31 May 2015	**–**	**–**	**(2,421,991)**	**(2,421,991)**
Unclaimed dividend forfeited	**–**	**–**	**22,828**	**22,828**
Total transactions with owners	**–**	**–**	**6,817,361**	**6,817,361**
At 31 May 2016	**1,985,238**	**6,878,269**	**24,928,782**	**33,792,289**

	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

The notes on pages 44 to 71 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2016

		Group		Company	
	Notes	**2016 N'000**	2015 N'000	**2016 N'000**	2015 N'000
Cash flows from operating activities	19	**18,385,369**	6,938,709	**9,924,033**	4,769,208
Tax paid	14	**(1,609,691)**	(2,640,549)	**(592,686)**	(1,063,810)
Net cash generated from operating activities		**16,775,678**	4,298,160	**9,331,347**	3,705,398
Cash flows from investing activities					
Purchase of fixed assets	4	**(3,453,991)**	(2,783,166)	**(3,159,691)**	(2,084,259)
Proceeds from sale of fixed assets		**26,897**	13,759	**24,477**	10,475
Change in investment in subsidiaries	5	**–**	–	**22,000**	–
Interest income		**210,256**	228,794	**8,417**	94,802
Net cash used in investing activities		**(3,216,838)**	(2,540,613)	**(3,104,797)**	(1,978,982)
Dividend paid to equity holders of parent		**(2,421,991)**	(3,216,087)	**(2,421,991)**	(3,216,087)
Dividend paid to non-controlling interest		**–**	(245,674)	**–**	–
Interest expense		**(597,667)**	(444,863)	**(853,304)**	(725,903)
Net cash used in financing activities		**(3,019,658)**	(3,906,624)	**(3,275,295)**	(3,941,990)
Net increase/(decrease) in cash and cash equivalents		**10,539,182**	(2,149,077)	**2,951,255**	(2,215,574)
Cash and cash equivalents at 1 June		**2,328,472**	4,477,549	**1,573,626**	3,789,200
Cash and cash equivalents at 31 May	9	**12,867,654**	2,328,472	**4,524,881**	1,573,626

The notes on pages 44 to 71 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

1 General information

The Group

PZ Cussons Nigeria Plc is a company incorporated in Nigeria on 4 December 1948 under the name of P.B. Nicholas and Company Limited. The name was changed to Alagbon Industries Limited in 1953 and to Associated Industries Limited in 1960. The Company became a public company in 1972 and was granted a listing on the Nigerian Stock Exchange. The name was changed to Paterson Zochonis Industries Limited on 24 November 1976 and, in compliance with the Companies and Allied Matters Act, it changed its name to Paterson Zochonis Industries Plc on 22 November 1990. On 21 September 2006, the Company adopted its present name of PZ Cussons Nigeria Plc.

The principal activities of the Group are the manufacture, distribution and sale of a wide range of consumer products and home appliances through owned depots. These products are leading brand names throughout the country in detergent, soap, pharmaceuticals, cosmetics, confectionery, refrigerators, freezers and air conditioners. The Group also distributes the milk products of Nutricima Limited, products of Harefield Industrial Nigeria Limited, products of PZ Wilmar Limited and products of PZ Wilmar Food Limited.

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

These financial statements are presented in Nigerian Naira which is the functional currency of the primary economic environment in which the Group operates. The financial statements have been rounded to the nearest thousands.

2 Summary of significant accounting policies of the Company and the Group

2.1 Basis of preparation

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

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 may ultimately 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.

2.1.2 Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The Group adopted the following standard for the first time:

Amendments to IAS 1,'Presentation of financial statements' on the disclosure initiative: These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments merely clarify the existing requirements, they do not affect the Group's accounting policies or any of the disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

New accounting standards issued but not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 June 2016, and have not been applied in preparing these financial statements. None of these is expected to have an effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is assessing IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

IFRS 16, 'Lease' eliminates the classification of leases as either operating or finance leases for a lessee. All leases are treated in a similar way to finance leases under IAS 17. Leases are capitalised by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 does not require a lessee to recognise assets and liabilities for short-term leases and leases of low-value assets. The standard is effective for accounting periods beginning on or after 1 January 2019 and earlier adoption is permitted. The Company is assessing the impact of IFRS.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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 value 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.

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 remeasured 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 are recognised in accordance with IAS 39 either in profit or loss. Contingent consideration that is classified as equity is not remeasured, 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. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

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

2.2 Basis of consolidation continued

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 the 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.

Common control transactions

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory) are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book values in its consolidated financial statements. The book values of the acquired entity are the book values of its assets and liabilities on the date of acquisition. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions will be allocated to the existing business combination reserve in equity. Where comparative periods are presented, the financial statements and financial information are not restated.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

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 remeasured. 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.

2.8 Employee benefits
2.8.1 Gratuity scheme
The 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 Nigeria 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 awards for January to May that are due to be paid to staff but are unpaid as at year end.

The scheme is only applicable to staff engaged before 1 January 2007. All staff employed subsequently are not covered by the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

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

2.8 Employee benefits continued

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 contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to their 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 Incentive and bonus scheme

The Group recognises a liability and expense for the incentive and bonus scheme 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 Export Expansion Grant

Export Expansion Grant ('the grant') from the government is recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. The grant is recognised as a reduction to cost of sales with a corresponding recognition of receivable from government. The following are the conditions precedent:

- The Company must be registered with the Nigerian Export Promotion Council (NEPC)
- The Company must have a minimum annual export turnover of N5 million and evidence of repatriation of proceeds of exports
- The Company shall submit its baseline data which includes audited financial statements and information on operational capacity to NEPC
- The Company shall be a manufacturer, producer or merchant of products of Nigerian origin for the export market (i.e. the products must be made in Nigeria)
- Qualifying export transactions must have the proceeds fully repatriated within 180 days, calculated from the date of export and as approved by the EEG Implementation Committee.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

2.10 Current and deferred income tax continued
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 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 and 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.

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 the 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 recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

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

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.

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, 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 the 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. Any dividend that remains unclaimed after 12 years is treated as statute barred and is written back to retained earnings.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

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 are 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.

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 rate that reflects the time value of money and risks associated with the asset 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 is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

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 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 month cash trading period, customers are free to apply for credit.

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

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

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

Company

31 May 2016 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)	**4,524,881**	–	–	–	**4,524,881**
Trade receivables (Note 7)	**2,795,632**	–	–	–	**2,795,632**
Receivables from subsidiary companies (Note 7)	**1,381,316**	–	–	–	**1,381,316**
Receivables from related party companies (Note 7)	**2,360,759**	–	–	–	**2,360,759**
Export rebate receivable (Note 7)	–	–	–	**1,643,658**	**1,643,658**
Negotiable duty credit certificates (Note 7)	–	–	–	**271,913**	**271,913**
Other receivables (Note 7)	**617,462**	–	–	–	**617,462**
Deposit for letters of credit (Note 8)	**191,791**	–	–	–	**191,791**
Total	**11,871,841**	–	–	**1,915,571**	**13,787,412**

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)	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

Group

31 May 2016 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)	**12,867,654**	–	–	–	**12,867,654**
Trade receivables (Note 7)	**6,166,858**	**28,592**	–	–	**6,195,450**
Receivables from related party companies (Note 7)	**3,996,759**	–	–	–	**3,996,759**
Export rebate receivable (Note 7)	–	–	–	**1,663,117**	**1,663,117**
Negotiable duty credit certificates (Note 7)	–	–	–	**297,491**	**297,491**
Other receivables (Note 7)	**778,077**	–	–	–	**778,077**
Deposit for letters of credit (Note 8)	**191,791**	–	–	–	**191,791**
Total	**23,809,349**	**28,592**	–	**1,960,608**	**25,798,549**

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

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	**2016 N'000**	2015 N'000
B	**4,524,881**	1,573,626
	4,524,881	1,573,626

	Group	
Credit rating	**2016 N'000**	2015 N'000
B	**12,867,654**	2,328,472
	12,867,654	2,328,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016 continued

3 Financial risk management continued

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 ratings.

The Group enjoys a favourable 90 days of credit from its suppliers against the 30 days of credit it gives to its customers. Thus, the Group is always in an advantageous 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 31 May 2016 and 31 May 2015 are balances due to related parties of N17.4 billion and N9.5 billion respectively while those of the Company are N11.0 billion and N10.0 billion respectively.

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

Company

31 May 2016 **Financial liabilities:**	**Up to 90 days** **N'000**	**Up to 180 days** **N'000**	**Total** **N'000**
Trade and other payables – excluding other taxation and social security (Note 13)	**2,068,729**	**15,824,560**	**17,893,289**
	2,068,729	**15,824,560**	**17,893,289**

31 May 2015 Financial liabilities:	Up to 90 days N'000	Up to 180 days N'000	Total N'000
Trade and other payables – excluding other taxation and social security (Note 13)	1,175,743	15,870,740	17,046,483
	1,175,743	15,870,740	17,046,483

Group

31 May 2016 **Financial liabilities:**	**Up to 90 days** **N'000**	**Up to 180 days** **N'000**	**Total**
Trade and other payables – excluding other taxation and social security (Note 13)	**2,127,142**	**23,431,157**	**25,558,299**
	2,127,142	**23,431,157**	**25,558,299**

31 May 2015 Financial liabilities:	Up to 90 days N'000	Up to 180 days N'000	Total
Trade and other payables – excluding other taxation and social security (Note 13)	1,315,787	16,300,026	17,615,813
	1,315,787	16,300,026	17,615,813

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

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 15% increase/decrease in foreign exchange rates 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 2016 N'000	31 May 2015 N'000	**31 May 2016 N'000**	31 May 2015 N'000
US Dollar – 15% increase	**1,203,429**	209,160	**423,781**	300,480
US Dollar – 15% decrease	**(1,203,429)**	(209,160)	**(423,781)**	(300,480)

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

3.6 Capital risk management

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

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

Capital requirements are generally recommended by the majority Shareholder, PZ Cussons (Holdings) Limited U.K.

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

	Group		Company	
	31 May 2016 N'000	31 May 2015 N'000	**31 May 2016 N'000**	31 May 2015 N'000
Cash and cash equivalents	**12,867,654**	2,328,472	**4,524,881**	1,573,626
Short-term borrowing	**–**	–	**–**	–
Long-term borrowing	**–**	–	**–**	–
Net fund	**12,867,654**	2,328,472	**4,524,881**	1,573,626

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

4 Property, plant and equipment

Group – 2016

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and machinery N'000	Office furniture and computers N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 June 2015	29,048	15,942,343	18,407,439	2,101,530	718,480	2,543,294	39,742,134
Additions	–	–	–	–	–	3,453,991	3,453,991
Transfers	–	1,728,781	1,630,990	293,424	–	(3,653,195)	–
Write-offs	–	–	(1,209,967)	(333,114)	(17,426)	–	(1,560,507)
Disposals	–	–	(127,044)	(19,239)	(79,589)	–	(225,872)
At 31 May 2016	**29,048**	**17,671,124**	**18,701,418**	**2,042,601**	**621,465**	**2,344,090**	**41,409,746**
Depreciation							
At 1 June 2015	6,391	2,495,306	9,636,970	1,705,384	680,236	–	14,524,287
Charge for the year	581	301,672	1,628,729	207,942	16,202	–	2,155,126
Write-offs	–	–	(1,200,559)	(333,005)	(17,427)	–	(1,550,991)
On disposals	–	–	(127,044)	(19,237)	(77,319)	–	(223,600)
At 31 May 2016	**6,972**	**2,796,978**	**9,938,096**	**1,561,084**	**601,692**	**–**	**14,904,822**
Net book value							
At 31 May 2016	**22,076**	**14,874,146**	**8,763,322**	**481,517**	**19,773**	**2,344,090**	**26,504,924**

Group – 2015

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and machinery N'000	Office furniture and computers 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**

Depreciation expense of N1.22 billion (2015: N1.10 billion) has been charged in 'cost of sales', N0.29 billion (2015: NG0.30 billion) in 'selling and distribution expenses' and N0.65 billion (2015: N0.64 billion) in 'administrative expenses'.

Construction work in progress as at 31 May 2016 mainly comprises building development and installation of new factory lines.

Depreciation on freehold land and buildings relates to depreciation charged on buildings constructed on freehold land.

There was no capitalised borrowing cost during the years ended 31 May 2015 and 31 May 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

Company – 2016

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and machinery N'000	Office furniture and computers N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 June 2015	29,048	14,113,506	12,063,141	1,787,267	612,461	2,041,138	30,646,561
Additions	–	–	–	–	–	3,159,691	3,159,691
Transfers	–	1,514,562	1,302,532	285,525	–	(3,102,619)	–
Inter-company transfer	–	1,665,585	5,604,268	66,191	2,079	141,046	7,479,169
Write-offs	–	–	(1,182,590)	(291,278)	(17,427)	–	(1,491,295)
Disposals	–	–	(127,044)	(11,809)	(62,405)	–	(201,258)
At 31 May 2016	**29,048**	**17,293,653**	**17,660,307**	**1,835,896**	**534,708**	**2,239,256**	**39,592,868**
Depreciation							
At 1 June 2015	6,391	2,337,763	6,963,433	1,496,390	602,911	–	11,406,888
Charge for the year	581	275,887	1,172,564	157,731	5,027	–	1,611,790
Inter-company transfer	–	168,400	2,697,281	49,447	2,079	–	2,917,207
Write-offs	–	–	(1,173,344)	(291,243)	(17,427)	–	(1,482,014)
On disposals	–	–	(127,044)	(11,808)	(61,873)	–	(200,725)
At 31 May 2016	**6,972**	**2,782,050**	**9,532,890**	**1,400,517**	**530,717**	**–**	**14,253,146**
Net book value							
At 31 May 2016	**22,076**	**14,511,603**	**8,127,417**	**435,379**	**3,991**	**2,239,256**	**25,339,722**

Company – 2015

	Freehold land and buildings N'000	Leasehold land and buildings N'000	Plant and machinery N'000	Office furniture and computers 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)	–
Inter-company 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**

Depreciation expense of N1.12 billion (2015: N0.82 billion) has been charged in 'cost of sales', N0.26 billion (2015: N0.29 billion) in 'selling and distribution expenses' and N0.23 billion (2015: N0.24 billion) in 'administrative expenses'.

Construction work in progress as at 31 May 2016 mainly comprises building development and installation of new factory lines.

Inter-company transfer relates mainly to fixed assets transferred from PZ Tower and PZ Power upon merger with PZ Cussons Nigeria Plc during the year ended 31 May 2016.

Depreciation on freehold land and buildings relates to depreciation charged on buildings constructed on freehold land.

There was no capitalised borrowing cost during the years ended 31 May 2015 and 31 May 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

5 Investments in subsidiaries

	The Company	
	2016 N'000	2015 N'000
At 1 June	**526,406**	526,406
Decrease arising from merger of PZ Tower and PZ Power with the Company	**(20,000)**	–
Decrease arising from impairment of investment in Robbert Pharmaceutical	**(2,000)**	–
Total	**504,406**	526,406

Decrease in investment in subsidiaries relates to elimination of investments of N10 million in each of PZ Tower Limited and PZ Power Company Limited due to the merger of the two entities with PZ Cussons Nigeria Plc during the year ended 31 May 2016. Also, during the year ended 31 May 2016, a previous investment of N2 million in Robbert Pharmaceutical Company – a dormant company – was impaired.

	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

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

Integration of PZ Tower Limited and PZ Power Company Limited

On 31 December 2015, a restructuring of the PZ Cussons Nigeria Plc Group structure was carried out. The effect of this was that the operations of PZ Tower Limited and PZ Power Company Limited were integrated into the operations of PZ Cussons Nigeria Plc. PZ Tower Limited and PZ Power Company Limited thus ceased to exist from the date of the integration.

This transaction was deemed to be a reorganisation of an existing Group and thus, the net assets of PZ Tower Limited and PZ Power Company Limited were combined with PZ Cussons Nigeria Plc using the book values as at that date. This business combination has been accounted for as a common control transaction where PZ Cussons Nigeria Plc (the acquirer) has applied predecessor accounting as the basis for recognising the assets acquired and the liabilities assumed of PZ Tower Limited and PZ Power Company Limited. Any difference between the purchase consideration and the net assets acquired has been accounted for in retained earnings.

In line with the accounting policy on common control transactions accounted for using the predecessor accounting method, PZ Cussons Nigeria Plc chose to incorporate the results from the operations of PZ Tower Limited and PZ Power Company Limited prospectively effective from the date of integration. On the integration date of 31 December 2015, the net assets of PZ Tower Limited and PZ Power Company Limited acquired by PZ Cussons Nigeria Plc are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

Assets acquired

	PZ Power Company Ltd N'000	PZ Tower Ltd N'000	Total N'000
Property, plant and equipment (net book value)*	1,264,886	3,297,076	4,561,962
Inventory	347,751	–	347,751
Sundry debtors	1,646	12,008	13,654
Cash at bank	1,425	3,275	4,700
Inter-company balances	1,524,643	3,139,018	4,663,661
Assets	**3,140,351**	**6,451,377**	**9,591,728**
Liabilities assumed			
Accruals and other liabilities	3,007	104,775	107,782
Current tax liabilities	80,393	–	80,393
Deferred tax liability	167,029	–	167,029
Liabilities	**250,429**	**104,775**	**355,204**
Net assets acquired	2,889,922	6,346,602	9,236,524
Purchase consideration	(10,000)	(10,000)	(20,000)
Excess of net assets acquired over purchase consideration	**2,879,922**	**6,336,602**	**9,216,524**

* Property, plant and equipment (net book value) represents the sum of N7,479,169,000 and N2,917,207,000 being cost and accumulated depreciation respectively of fixed assets acquired from PZ Power Company Limited and PZ Tower Limited upon their merger with PZ Cussons Nigeria Plc.

6 Inventories

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Raw materials	**10,958,734**	12,236,662	**9,192,746**	8,053,017
Finished goods and goods for resale	**6,095,554**	7,148,479	**3,111,617**	3,828,686
Engineering spares and other stocks	**2,224,167**	1,627,490	**2,037,755**	1,359,895
Total	**19,278,455**	21,012,631	**14,342,118**	13,241,598

During the year ended 31 May 2016, N281.5 million (2015: N666.4 million) was charged to the income statement for obsolete, damaged and missing inventories identified during the monthly stock count exercises. Also recognised as an expense in the financial statements are engineering spares used for production of N577.3 million (2015: N557.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

7 Trade and other receivables

	Group		Company	
Receivables due within one year:	**2016 N'000**	2015 N'000	**2016 N'000**	2015 N'000
Trade receivables	**7,683,784**	9,416,359	**3,712,705**	3,571,948
Less: provision for impairment of trade receivables	**(1,488,334)**	(1,165,550)	**(917,073)**	(776,626)
Net trade receivables	**6,195,450**	8,250,809	**2,795,632**	2,795,322
Receivables from subsidiary companies (Note 25)	**–**	–	**1,381,316**	3,999,808
Receivables from related party companies (Note 25)	**3,996,759**	5,414,239	**2,360,759**	2,565,709
Export rebate receivable	**1,663,117**	1,663,117	**1,643,658**	1,643,658
Prepayments	**125,913**	189,014	**117,192**	117,258
Negotiable duty credit certificates	**297,491**	297,491	**271,913**	271,913
WHT credit note receivable	**73,663**	73,663	**73,663**	73,663
Advances to suppliers	**2,456,879**	1,243,371	**2,096,587**	1,025,703
Other receivables	**778,077**	780,621	**617,462**	592,893
Total	**15,587,350**	17,912,325	**11,358,182**	13,085,927

WHT credit note receivable of N73.7 million as at 31 May 2015 remained the same as at 31 May 2016 because the related WHT credit note is yet to be received from the tax authority.

Export rebate receivable is recognised at the rate of 20% on the related export proceeds. The weighted eligibility criteria has three bands: 20%, 15% and 10%. Approval of the rebate is subject to meeting the thresholds 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		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
At 1 June	**(1,165,550)**	(1,179,589)	**(776,626)**	(700,768)
(Provision for)/reversal of receivable impairment	**(322,784)**	14,039	**(140,447)**	(75,858)
Closing	**(1,488,334)**	(1,165,550)	**(917,073)**	(776,626)

All trade receivables are denominated in Nigerian Naira.

The credit risk of distributors is assessed at subsidiary and Group level, taking into account their financial positions, past experiences and other factors. Individual distributor credit limits are imposed based on these factors.

The Group operates in 26 depots across Nigeria with over 1,000 distributors.

Distributors are initially brought on board on a cash basis for a period of six months. At the expiration of the six month cash trading period, distributors are free to apply for credit.

8 Deposits for letters of credit (LCs)

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
	191,791	916,639	**191,791**	439,431

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9 Cash and cash equivalents

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Cash at bank and in hand	**12,867,654**	2,328,472	**4,524,881**	1,573,626
Cash and cash equivalents	**12,867,654**	2,328,472	**4,524,881**	1,573,626

10 Ordinary share capital

	2016		2015	
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

The analysis of deferred tax liabilities is as follows:

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
– Deferred tax liability to be recovered after more than 12 months	**3,694,005**	3,903,589	**4,108,185**	3,757,845
– Deferred tax liability to be recovered within 12 months	**–**	–	**–**	–
	3,694,005	3,903,589	**4,108,185**	3,757,845

The movement in deferred tax liability is as follows:

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
At start of year	**3,903,589**	4,365,881	**3,757,845**	3,374,580
Changes during the year:				
– Deferred tax balance inherited on merger of PZ Power and PZ Tower with the Company (Note 5)	**–**	–	**167,029**	–
(Credited)/charged to income statement (Note 14)	**(209,584)**	(462,292)	**183,311**	383,265
At end of year	**3,694,005**	3,903,589	**4,108,185**	3,757,845

	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 2014	3,662,841	703,040	4,365,881	3,133,557	241,023	3,374,580
– Charged/(credited) 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**	**3,133,557**	**241,023**	**3,757,845**
– DT acquired from merger of entities	–	–	–	167,029	–	167,029
– (Credited)/charged to income statement	(1,022,065)	812,481	(209,584)	360,048	(176,737)	183,311
At 31 May 2016	**2,750,776**	**943,229**	**3,694,005**	**3,660,634**	**64,286**	**4,108,185**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

12 Warranty provisions

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Warranty provisions				
At beginning of the year	**306,034**	299,861	**–**	–
Charged to the income statement	**89,707**	57,134		–
Utilised in the year	**(68,490)**	(50,961)		–
At 31 May	**327,251**	306,034	**–**	–
The ageing of the provisions are as follows:				
Within 12 months	**89,707**	57,134	**–**	–
Greater than 12 months	**237,544**	248,900	**–**	–
Total	**327,251**	306,034	**–**	–

The Group generally offers 1–3 year warranties for its electrical products and components. Directors estimate 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	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Trade payables	**2,127,142**	1,315,787	**2,068,729**	1,175,743
Other taxation and social security	**157,938**	218,723	**141,674**	83,018
Unclaimed dividend	**1,956,555**	1,518,734	**1,956,555**	1,518,734
Accruals	**3,768,061**	3,966,832	**2,478,029**	3,157,216
Amounts owed to subsidiaries (Note 25)	**–**	–	**–**	3,876,984
Amounts owed to related parties (Note 25)	**17,392,753**	9,542,080	**10,984,038**	6,159,333
Other payables	**313,788**	1,272,380	**405,938**	1,158,473
Total	**25,716,237**	17,834,536	**18,034,963**	17,129,501

	Days	Days	**Days**	Days
Average credit period taken for trade purchases	**90**	90	**90**	90

Trade and other payables comprises amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying amount of trade and other payables approximates to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

14 Taxation

	Group		Company	
Income tax expense	**2016 N'000**	2015 N'000	**2016 N'000**	2015 N'000
Company income tax	**1,115,747**	2,281,672	**160,979**	503,358
Education tax	**112,344**	166,647	**42,591**	91,910
Total current tax	**1,228,091**	2,448,319	**203,570**	595,268
Deferred tax				
(Reversal)/origination of temporary differences	**(209,584)**	(462,292)	**183,311**	383,265
Total deferred tax (Note 11)	**(209,584)**	(462,292)	**183,311**	383,265
Income tax expense	**1,018,507**	1,986,027	**386,881**	978,533

Effective tax reconciliation

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

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Profit before tax	**3,148,196**	6,556,814	**776,880**	3,147,400
Income tax using the domestic corporation tax rate of 30% (2015: 30%)	**944,459**	1,967,044	**233,064**	944,220
Tax effects of:				
Non-deductible expenses	**539,712**	1,214,243	**386,368**	1,301,209
Education tax levy	**112,344**	166,647	**42,591**	91,910
Tax exempt income	**(578,008)**	(1,361,907)	**(275,142)**	(1,358,806)
Total income tax expense in income statement	**1,018,507**	1,986,027	**386,881**	978,533

The current tax charge has been computed at the applicable rate of 30% (31 May 2015: 30%) plus education levy of 2% (31 May 2015: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as legal fees, donations, public relations expenses and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income 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		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
At start of the year	**1,671,311**	1,863,541	**634,386**	1,102,928
Tax charge for the year	**1,228,091**	2,448,319	**203,570**	595,268
– Current tax balance inherited from merger of PZ Power and PZ Tower with the Company (Note 5)	**–**	–	**80,393**	–
Tax paid during the year	**(1,609,691)**	(2,640,549)	**(592,686)**	(1,063,810)
At end of the year	**1,289,711**	1,671,311	**325,663**	634,386

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15 Expense by nature

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Changes in inventories of finished goods and work in progress	**41,724,002**	45,184,957	**50,458,310**	55,587,681
Foreign exchange loss	**2,883,528**	574,509	**718,705**	14,163
Personnel cost (Note 20.5)	**7,437,705**	6,617,878	**6,153,877**	4,702,538
Fuel and gas	**2,575,824**	2,238,223	**1,689,281**	1,183,096
Depreciation (Note 4)	**2,155,126**	2,044,921	**1,611,790**	1,345,487
Auditors' remuneration	**40,112**	36,599	**30,084**	24,528
Directors' emoluments (Note 20.1)	**218,774**	169,844	**218,774**	169,844
Rent and rates	**389,870**	270,697	**183,592**	178,357
Insurance	**492,288**	483,639	**492,288**	483,639
Freight/carriage cost	**2,688,800**	2,623,161	**1,836,490**	1,556,765
Vehicle repairs and maintenance	**617,873**	474,640	**453,453**	367,000
Technical and management fees (Note 25.2)	**2,886,025**	3,252,437	**2,886,025**	3,252,437
Advertising and market promotions	**1,312,851**	1,804,263	**928,695**	902,268
General and other expenses	**855,237**	699,280	**732,101**	591,460
	66,278,014	66,475,048	**68,393,464**	70,359,263
Cost of sales	**52,209,703**	52,672,138	**57,487,627**	59,884,674
Selling and distribution expenses	**8,825,636**	9,248,099	**6,358,556**	6,412,591
Administrative expenses	**5,242,675**	4,554,811	**4,547,281**	4,061,998
	66,278,014	66,475,048	**68,393,464**	70,359,263

16a Revenue

Components of revenue are as follows:

	Group		Company	
	31 May 2016	31 May 2015	**31 May 2016**	31 May 2015
Sales of goods	**69,527,537**	73,126,070	**69,527,537**	73,126,070
Revenue by geographical location of customers:				
Domestic (within Nigeria)	**66,139,834**	69,773,183	**66,139,834**	69,773,183
Export (outside Nigeria)	**3,387,703**	3,352,887	**3,387,703**	3,352,887
	69,527,537	73,126,070	**69,527,537**	73,126,070

16b Other income

	Group		Company	
	31 May 2016	31 May 2015	**31 May 2016**	31 May 2015
Sales of scraps and sundry items	**261,459**	113,636	**402,803**	269,939
Profit on disposal of fixed assets (Note 19)	**24,625**	8,225	**23,944**	5,125
Write-off of inter-company payable no longer required	**–**	–	**60,947**	–
Dividend income from subsidiary	**–**	–	**–**	736,630
	286,084	121,861	**487,694**	1,011,694

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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 a product 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 2016	**Branded consumer goods**	**Durable electrical appliances**	**Eliminations**	**Total**
Total gross segment revenue	**45,956,946**	**23,570,591**	**–**	**69,527,537**
Intersegment revenue	**–**	**–**	**–**	**–**
Revenue	**45,956,946**	**23,570,591**	**–**	**69,527,537**
Segment operating profit	**1,873,712**	**1,375,811**	**–**	**3,249,523**
Depreciation (Note 4)	**1,998,944**	**156,182**	**–**	**2,155,126**
Interest income	**8,417**	**457,495**	**(255,656)**	**210,256**
Interest cost	**853,323**	**–**	**(255,656)**	**597,667**
Profit before taxation	**1,468,233**	**1,679,963**	**–**	**3,148,196**
Taxation	**404,821**	**613,686**	**–**	**1,018,507**
Profit after taxation	**1,063,412**	**1,066,277**	**–**	**2,129,689**
Property, plant and equipment	**25,339,722**	**1,165,202**	**–**	**26,504,924**
Total assets	**55,540,580**	**18,889,594**	**–**	**74,430,174**

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 and equipment	23,997,008	1,220,839	–	25,217,847
Total assets	48,592,125	18,795,789	–	67,387,914

Entity-wide information

	2016 N'000	2015 N'000
Breakdown of revenue is as follows:		
Sales of goods	**69,527,537**	73,126,070

The Group is domiciled in Nigeria. The result of its revenue from external customers in Nigeria is N66.1 billion (2015: N69.8 billion), and the total of revenue from external customers from other countries is N3.4 billion (2015: N3.3 billion).

The total of non-current assets located in Nigeria is N26.5 billion (2015: N25.2 billion), and the total of such non-current assets located in other countries is nil (2015: nil).

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

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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	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Profit attributable to equity holders of the parent company	**1,863,013**	4,053,284	**389,999**	2,168,867
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)	**0.47**	1.02	**0.10**	0.55

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

19 Cash generated from operating activities

		Group		Company	
	Notes	**2016 N'000**	2015 N'000	**2016 N'000**	2015 N'000
Cash flows from operating activities					
Profit before taxation		**3,148,196**	6,556,814	**776,880**	3,147,400
Adjustment to reconcile net income to cash provided:					
Depreciation	4	**2,155,126**	2,044,921	**1,611,790**	1,345,487
Profit on disposal of fixed assets		**(24,625)**	(8,225)	**(23,944)**	(5,125)
NBV of PPE transferred (from)/to related parties		**–**	–	**(4,561,962)**	6,997
NBV of PPE written-off		**9,516**	–	**9,281**	–
Excess of net assets acquired over purchase consideration (Note 5)		**–**	–	**9,216,524**	–
Deferred tax balance inherited on merger of PZ Power and PZ Tower with the Company	11	**–**	–	**167,029**	–
Current tax balance inherited on merger of PZ Power and PZ Tower with the Company	14	**–**	–	**80,393**	–
Unclaimed dividend forfeited		**22,828**	24,836	**22,828**	24,836
Interest expense		**597,667**	444,863	**853,304**	725,903
Interest income		**(210,256)**	(228,794)	**(8,417)**	(94,802)
		5,698,452	8,834,415	**8,143,706**	5,150,696
Changes in assets and liabilities					
Decrease in trade and other receivables		**2,324,975**	2,767,665	**1,727,745**	572,326
Decrease in deposit for letters of credit		**724,848**	113,865	**247,640**	527,949
Decrease/(increase) in inventories		**1,734,176**	(720,075)	**(1,100,520)**	998,081
Increase/(decrease) in trade, other payables and provisions		**7,902,918**	(4,057,161)	**905,462**	(2,479,844)
Cash flows from operating activities		**18,385,369**	6,938,709	**9,924,033**	4,769,208
Analysis of profit on disposal of fixed assets					
Cost of assets disposed (Note 4)		**(225,872)**	(193,023)	**(201,258)**	(152,741)
Accumulated depreciation of assets disposed (Note 4)		**223,600**	187,489	**200,725**	147,391
Proceeds on disposal of assets		**26,897**	13,759	**24,477**	10,475
Profit on disposal (Note 16b)		**24,625**	8,225	**23,944**	5,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

20 Directors' and employees' emoluments

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
20.1 Chairman and Directors' emoluments:				
Chairman	**1,780**	1,630	**1,780**	1,630
Directors	**216,994**	168,214	**216,994**	168,214
Total	**218,774**	169,844	**218,774**	169,844
As fees (as per Non-executive Directors)	**6,900**	8,030	**6,900**	8,030
Other emoluments (as per Executive Directors)	**211,874**	161,814	**211,874**	161,814
Total	**218,774**	169,844	**218,774**	169,844

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

20.2 Number of Directors whose emoluments fell within the following ranges were:

	Group		Company	
	2016 Number	2015 Number	**2016 Number**	2015 Number
20.2.1 Executive Directors				
N10,000,000 – 20,000,000	**1**	2	**1**	2
N20,000,001 – 30,000,000	**1**	1	**1**	1
N30,000,001 – 40,000,000	**1**	–	**1**	–
N40,000,001 – 50,000,000	**–**	1	**–**	1
N50,000,001 – 60,000,000	**–**	1	**–**	1
N60,000,001 – 70,000,000	**2**	–	**2**	–
Directors with salaries and allowances as emoluments	**5**	5	**5**	5
20.2.2 Non-executive Directors				
N1,000,000 – 2,000,000	**5**	7	**5**	7
Directors with fees as emoluments	**5**	7	**5**	7
Directors with no emoluments	**1**	–	**1**	–
	6	7	**6**	7

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
20.3 Highest paid Director received	**69,449**	56,282	**69,449**	56,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

20 Directors' and employees' emoluments continued

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

	Group		Company	
	2016 Number	2015 Number	**2016 Number**	2015 Number
N300,001 – 400,000	**7**	11	**7**	7
N400,001 – 500,000	**71**	81	**10**	29
N500,001 – 600,000	**160**	350	**144**	233
N600,001 – 700,000	**546**	558	**437**	388
N700,001 – 800,000	**342**	253	**255**	142
N800,001 – 900,000	**114**	87	**66**	33
N900,001 – 1,000,000	**59**	43	**24**	14
N1,000,001 – 1,100,000	**33**	92	**18**	61
N1,100,001 – 1,200,000	**71**	25	**52**	17
N1,200,001 – 1,300,000	**34**	40	**30**	31
N1,300,001 – 1,400,000	**31**	14	**23**	9
N1,400,001 – 1,500,000	**12**	18	**8**	17
N1,500,001 and above	**306**	297	**256**	237
Total	**1,786**	1,869	**1,330**	1,218

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

	Group		Company	
	2016 Number	2015 Number	**2016 Number**	2015 Number
Production	**1,035**	1,081	**796**	644
Sales and distribution	**609**	642	**404**	434
Administration	**142**	146	**130**	140
Total	**1,786**	1,869	**1,330**	1,218

The aggregate cost of these employees was:

	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Wages and salaries	**6,933,677**	6,143,401	**5,749,932**	4,386,640
Pension costs – defined contribution plan	**196,360**	187,144	**137,932**	109,515
Pension costs – gratuity scheme	**307,668**	287,333	**266,013**	206,383
Total	**7,437,705**	6,617,878	**6,153,877**	4,702,538

21 Financial commitments

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

21.1 Capital commitments

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

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Authorised and contracted	**1,176,245**	209,721	**1,171,421**	147,851
Authorised but not contracted	**787,334**	1,444,865	**735,634**	596,824
Total	**1,963,579**	1,654,586	**1,907,055**	744,675

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

22 Technical services agreements

Amounts payable under technical services and licensing agreements are based on applicable turnover or 4% of PBT (as applicable). The charge in these financial statements amounted to N2,886,024,980 (2015: N3,252,436,590). The amount charged is supported by the approval of National Office for Technology Acquisition and Promotion (NOTAP) certificates 005603, 005604, 005606 and 005617. All of the certificates have a maturity profile of three (3) years from 1 June 2013 to 31 May 2016. Also included in the technical service charge for the year is value added tax (VAT) at 5% paid on the technical service fee.

23 Post-balance sheet events

A final dividend in respect of the year ended 31 May 2016 of 50 kobo per share amounting to a total dividend of N1,985,238,523 was declared at the Board meeting held on 2 August 2016. No provision for the dividend is recognised in the financial statements for the year then ended because the 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 2016 or 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 all the conditions precedent have been met.

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	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Export expansion grant receivable	**1,663,117**	1,663,117	**1,643,658**	1,643,658
Negotiable Duty Credit Certificate (NDCC)	**297,491**	297,491	**271,913**	271,913

Negotiable Duty Credit Certificate (NDCC): This is an 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 three years, the Group and other industry players have not been able to use the certificates in the settlement of customs duties. No NDCC (physical certificates) was received during the years ended 31 May 2016 and 31 May 2015.

With respect to the EEG receivable, the ageing analysis is as follows:

	EEG ≤1 year N'000	1≥ EEG ≤ 2 years N'000	EEG > 2 years N'000	Total N'000
Group – 31 May 2016	**–**	**445,889**	**1,217,228**	**1,663,117**
Group – 31 May 2015	445,889	521,625	695,603	1,663,117
Company – 31 May 2016	**–**	**445,889**	**1,197,769**	**1,643,658**
Company – 31 May 2015	445,889	521,625	676,144	1,643,658

Although a significant component of the NDCC and EEG receivables have been outstanding for more than 1 year, no impairment charge has been made or recognised because they are regarded as sovereign debts. Moreover, the Government has not communicated or indicated unwillingness to honour the obligations. Thus, the outstanding balances are classified as current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 continued

25 Related party transactions

25.1 Group and Company

The Group and Company are controlled by PZ Cussons (Holdings) Limited, incorporated in the UK, which owns 73.03% (2015: 70.95%) of the Group and Company shares. The remaining 26.97% (2015: 29.05%) of the shares are widely held. The Group's ultimate parent is PZ Cussons (Holdings) Limited (incorporated in the UK).

All trading balances are settled in cash. There was no provision for doubtful related party receivables at 31 May 2016 (31 May 2015: 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

Purchase of goods and services

	Group		Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Purchases of goods from subsidiaries:				
– HPZ Limited	**–**	–	**23,570,591**	26,009,124
– PZ Power Company Limited	**–**	–	**487,316**	1,426,430
– PZ Tower Limited	**–**	–	**5,676,995**	8,431,493
Transactions with subsidiaries (a)	**–**	–	**29,734,902**	35,867,047
Purchases of goods from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (ultimate parent company):				
– PZ Cussons International Limited	**34,531,411**	37,915,410	**22,889,569**	22,299,518
Purchases of services from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (ultimate parent company):				
– Royalties – PZ Cussons International Limited	**474,939**	487,375	**474,939**	487,375
– Technical fees – PZ Cussons International Limited	**2,158,465**	2,287,539	**2,158,465**	2,287,539
– Trademark – PZ Cussons International Limited	**226,161**	232,083	**226,161**	232,083
– Management fees – PZ Cussons International Limited	**26,460**	245,440	**26,460**	245,440
	2,886,025	3,252,437	**2,886,025**	3,252,437
Transactions with joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (ultimate parent company) (b)	**37,417,436**	41,167,847	**25,775,594**	25,551,955
Total (a)+(b)	**37,417,436**	41,167,847	**55,510,496**	61,419,002
Sales of goods/services and advances for purchases				
Services recharged to subsidiaries:				
– HPZ Limited (Subsidiary)	**–**	–	**2,347,076**	2,586,547
– PZ Tower Limited (Subsidiary)	**–**	–	**–**	–
– PZ Power Company Limited (Subsidiary)			**28,073**	49,867
Transactions with subsidiaries	**–**	–	**2,375,149**	2,636,414
Services recharged to joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (ultimate parent company)	**1,735,114**	2,126,067	**1,735,114**	2,126,067
Sales of goods to joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (ultimate parent company)	**709,677**	595,117	**–**	–
Advances for purchases to joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (ultimate parent company)	**14,805,773**	21,739,851	**11,016,662**	8,987,835
Transactions with joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (ultimate parent company)	**17,250,564**	24,461,035	**12,751,776**	11,113,902
Total	**17,250,564**	24,461,035	**15,126,925**	13,750,316

Note: Transactions during the year with PZ Power Company Limited and PZ Tower Limited relates to transactions for the seven months up to 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016 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	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Due to:				
– Subsidiaries of PZ Cussons Nigeria Plc	**–**	–	**–**	3,876,984
– Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK	**17,392,753**	9,542,080	**10,984,038**	6,159,333
Total	**17,392,753**	9,542,080	**10,984,038**	10,036,317
Due from:				
– Subsidiaries of PZ Cussons Nigeria Plc	**–**	–	**1,381,316**	3,999,808
– Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK	**3,996,759**	5,414,239	**2,360,759**	2,565,709
Total	**3,996,759**	5,414,239	**3,742,075**	6,565,517

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 Limited.

Interest on advances from 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 the 2016 and 2015 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. The advances were also drawn down or disbursed in various amounts and they did not run throughout the 12 months of the financial year ended 2016 and 2015.

The Company and the Group incurred interest costs of N853.3 million (2015: N725.9 million) and N597.7 million (2015: N444.9 million) as well as earnings of N8.4 million (2015: N94.8 million) and N210.3 million (2015: N228.8 million) respectively on short-term advances to related parties. All inter-company interest has 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 Coolworld Limited, PZ Wilmar Limited and PZ Wilmar Food Limited) outside of the PZ Cussons Nigeria Plc group.

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
The final dividend for the year ended 31 May 2015 was paid during the year ended 31 May 2016 while the 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 dividends as a liability in the period they are approved by the Shareholders. As disclosed in Note 23, the final dividend in respect of the year ended 31 May 2016 of 50 kobo per share, amounting to a total dividend of N1,985,238,523, 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. This dividend is being funded from retained earnings of N1,353,846,054 from the 2011 financial year and retained earnings of N631,392,469 from the 2013 financial year.

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 MAY 2016

	Group				Company			
	2016 N'000	**%**	2015 N'000	%	**2016 N'000**	**%**	2015 N'000	%
Turnover	**69,527,537**		73,126,070		**69,527,537**		73,126,070	
Other operating income	**286,084**		121,861		**487,694**		1,011,694	
Interest income	**210,256**		228,794		**8,417**		94,802	
Brought-in-materials and services:								
– Imported	**(46,111,376)**		(41,499,580)		**(47,856,948)**		(46,179,132)	
– Local	**(10,573,807)**		(16,312,670)		**(12,770,849)**		(18,132,107)	
Value added	**13,338,694**	**100**	15,664,476	100	**9,395,851**	**100**	9,921,328	100
Applied as follows:								
To pay employees:								
– Salaries, wages and other benefits	**7,437,705**	**56**	6,617,878	42	**6,153,877**	**65**	4,702,538	47
To pay government:								
– Income and education taxes	**1,228,091**	**9**	2,448,319	16	**203,570**	**2**	595,268	6
To pay providers of capital:								
– Interest cost	**597,667**	**4**	444,863	3	**853,304**	**9**	725,903	7
Retained for replacement of assets and business growth:								
– Deferred taxation	**(209,584)**	**(2)**	(462,292)	(3)	**183,311**	**2**	383,265	4
– Depreciation	**2,155,126**	**16**	2,044,921	13	**1,611,790**	**17**	1,345,487	14
– Non-controlling interest	**266,676**	**2**	517,503	3	**–**	**–**	–	–
– Profit attributable to equity holders of parent company	**1,863,013**	**13**	4,053,284	26	**389,999**	**4**	2,168,867	22
	13,338,694	**100**	15,664,476	100	**9,395,851**	**100**	9,921,328	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.

FIVE YEAR FINANCIAL SUMMARY – GROUP
YEAR ENDED 31 MAY

	IFRS 2016 N'000	IFRS 2015 N'000	IFRS 2014 N'000	IFRS 2012 N'000	IFRS 2012 N'000
Non-current assets	**26,504,924**	25,217,847	24,485,136	24,370,445	24,360,347
Current assets	**47,925,250**	42,170,067	46,480,599	47,925,975	40,046,450
Total assets	**74,430,174**	67,387,914	70,965,735	72,296,420	64,406,797
Equity attributable to equity holders of parent	**40,900,644**	41,436,794	40,574,761	44,116,061	40,929,117
Non-controlling interest	**2,502,326**	2,235,650	1,963,821	2,320,796	1,938,925
Non-current liabilities	**3,931,549**	4,152,489	4,475,105	4,462,476	4,426,381
Current liabilities	**27,095,655**	19,562,981	23,952,048	21,397,087	17,112,374
Total equity and liabilities	**74,430,174**	67,387,914	70,965,735	72,296,420	64,406,797

	IFRS 2016 N'000	IFRS 2015 N'000	IFRS 2014 N'000	IFRS 2013 N'000	IFRS 2012 N'000
Turnover	**69,527,537**	73,126,070	72,905,679	71,343,088	72,154,601
Profit before taxation	**3,148,196**	6,556,814	6,949,985	7,650,265	4,306,863
Profit after taxation (attributable to members)	**1,863,013**	4,053,284	4,591,399	4,875,040	2,410,498
Per 50k Share					
Earnings per share (Naira)	**0.47**	1.02	1.16	1.23	0.61

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.

Note: The five year financial summary is not a required disclosure under IFRS.

SHAREHOLDERS' INFORMATION

Share Certificates 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		
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
		2015	46

Forfeiture of unclaimed dividend

Under 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 2003 and payable from 2004 (dividend number 34) which remained unclaimed will therefore cease to be recoverable by this year (2016/2017). This unclaimed dividend will be credited to the general reserves in 2016/2017. The dividend payment and value of unclaimed dividend in this category are as follows:

Dividend number	Value
Dividend number 34	N33,548,268

SHARE CAPITAL HISTORY
FOR THE YEAR ENDED 31 MAY 2016

The Company was incorporated with an authorised share capital of £40,000 of 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, after 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 1971 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

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 68th Annual General Meeting of PZ Cussons Nigeria Plc will be held at Transcorp Hilton, Abuja on Thursday 6 October 2016 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 2016 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. To elect Directors:
   a) To elect Mr Dahiru Muhammad as a Director
   b) To re-elect Mr Tunde Oyelola as a Director
   c) To re-elect Ms Joyce Folake Coker as a Director
   d) To re-elect Mr Paul Usoro, SAN as a Director.
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 necessary for its operations from related third parties.

BY ORDER OF THE BOARD

Rotimi Alade
Company Secretary
FRC/2013/NBA/00000004100

45/47, Town Planning Way
Ilupeju Industrial Estate
Lagos

2 August 2016

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 Friday, 7 October 2016 to Shareholders whose names are on the Register of Members on Friday, 16 September 2016.

Closure of Register
The Register of Members and Transfer Books of the Company will be closed from Monday 19 September to Friday 23 September 2016 (both dates inclusive) for the purpose of updating the register of members.

Audit Committee
The Audit Committee consists of three representatives of the Shareholders and three representatives of the Directors. Any member may nominate a Shareholder as a member of the Committee by giving notice in writing of such nomination to reach the Company Secretary at least 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. A list of such members has been circulated with the Annual Report. Affected members are advised to contact the Registrars.

E-dividend/bonus
Pursuant to the directive of 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.

Rights of Shareholders to ask Questions
Pursuant to Rule 19.12 (c) of the Nigerian Stock Exchange Rulebook 2015, shareholders have the right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions shall be submitted to the Company Secretary not later than two weeks before the date of the meeting.

SHAREHOLDERS' ADMISSION FORM

Please admit Shareholder ....

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

To represent him/her at the 68th Annual General Meeting of this Company to be held at 11.00 am on Thursday, 6 October 2016 at Transcorp Hilton, Abuja, F.C.T.

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

Rotimi Alade
Company Secretary

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 68th Annual General Meeting of the Company to be held at 11.00 am on Thursday 6 October 2016 and of any adjournment thereof.

As witness my/our hands(s) this ...... day of 2016

Signed: ....

Resolution **	For	Against
1. To receive the report and accounts		
2. To declare a dividend		
3. a) To elect Mr D. Muhammad as a director		
b) To re-elect Mr T. Oyelola as a director		
c) To re-elect Ms J.F. Coker as a director		
d) To re-elect Mr P. Usoro, SAN as a director		
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		

** 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
MORNING FRESH
SUPER CONCENTRATE
Cussons
MORNING FRESH
SUPER CONCENTRATE
Dishwashing Liquid
GREASE CUTTING POWER
Antibacterial
With glycerin
Cussons
MORNING FRESH
SUPER CONCENTRATE
Dishwashing Liquid
GREASE CUTTING POWER
Original Fresh
With glycerin
Cussons
MORNING FRESH
SUPER CONCENTRATE
Dishwashing Liquid
GREASE CUTTING POWER
Zesty Lemon
With glycerin
Superior Grease-cutting Power


Nutricima
NU
NU
Nutricima
NU
NU
Instant Filled
Milk Powder
NUTRITION FOR GROWTH
NUTRIGOOD
WITH CALCIUM
VITAMIN A & D
FOR STRONG BONES & SHA
Nutricima
NU
NU
Filled
Evaporated Milk
Nutricima
NU
NU
Instant Filled
Milk Powder
Nutricima
NU
NU
Milk Powder
Grow Every Day

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

Designed and produced by Instinctif Partners www.creative.instinctif.com

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