PZ Cussons Nigeria PLC
Annual Report and Accounts 2018

Creating sustainable value for all

PZ Cussons Nigeria PLC Annual Report and Accounts 2018

PZ Cussons is a dynamic consumer products group and innovator of some of the world's best known and loved brands.

For almost 120 years, we have been operating in the Nigeria market and this presents the greatest strategic potential for future growth. Our agile operating model and world class supply chain and distribution networks enable us to meet consumer needs and deliver quality brands that add value and enhance everyday lives.

WHY WE EXIST

Purpose: Why we exist, our cause – the reason we come to work every day and our promise to consumers, customers, employees and the communities we serve. Enhancing everyday life, creating moments of delight.

OUR AMBITION

Vision: To grow our business while staying true to our authentic family spirit. Focusing on our consumers and local markets better than anyone else so we can respond quickly. Because we want to leave a legacy for the next generation that we can all be proud of.

WHAT WE VALUE

CANDO!: Our purpose and vision are underpinned by our CANDO values, which are at the core of PZ Cussons. They are the attributes that describe our culture and make us unique. These values are inspired by our founders' spirit and vision for the Company and are integral to the way we do business.

How our values are realised Behaviours: To help us thrive as a business and in our individual roles, our CANDO values are realised by demonstrating our behaviours. They dictate the ways of working and operating that will enable us to achieve our vision.

HOW WE DO BUSINESS

Good4Business: We grow sustainably by being a force for positive change. Through the products we sell, the way they are designed, manufactured and packaged, and the contributions we make to our communities, we create shared value for all. Everything we do is Good4Business – creating shared value for all through a focus on:

• Business Governance & Ethics; • Environment; • Sourcing; and • Community & Charity

Online

A digital, downloadable copy of this report is available online at:

www.pzcussons.com.ng

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Board of Directors, Officers and other corporate information

Directors

Chief Kolawole B. Jamodu, FCA CFR	Chairman Non - Executive Director
Mr. Christos Giannopoulos (Greek)	Managing Director/Chief Executive Officer
Mr. Paul Usoro, SAN	Non – Executive Director
Mr. L. Batagarawa	Non – Executive Director
Mallam D. Muhammad	Independent Non-Executive Director
Mrs. Elizabeth Ebi	Independent Non-Executive Director
Ms. Joyce Coker	Executive Director
Mr. Alexander Goma	Executive Director
Mr. David Petzer (South African)	Executive Director (Resigned 20 February 2018)
Mr Pedro Baretto (Portuguese)	Executive Director (Appointed 20 February 2018)
Mr George Sotiropoulos (Greek)	Executive Director (Appointed 22 March 2018)

Company Secretary / Legal Adviser

Mrs. Abiola Laseinde FCIS

Registered Office

45/47 Town Planning Way
Ilupeju Industrial Estate
Ilupeju, Lagos.
www.pzcussons.com.ng

Registeration Number

RC 693

Registrars

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

Independent Auditors

Deloitte.

Deloitte & Touche (Chartered Accountants)
Civic Towers,
Plot GA1, Ozumba Mbadiwe Road,
Victoria Island, Lagos, Nigeria.

Financial highlights

Reported Results (before exceptional items)

Revenue

N80,553m

2017: N78,216m
% change: +3%

Operating Profit***

N8,228m

2017: N13,215m
% change: -38%

Basic and diluted earnings per share

46 Kobo

2017: 84 Kobo
% change: -45%

Statutory

Operating Profit***

N8,228m

2017: N13,215m
% change: -38%

Profit Before Taxation

N2,313m

2017: N4,811m
% change: -51%

Final Dividend Per Share

N15 Kobo

2017: 50 Kobo
% change: -70%

Net Asset**

N45,109m

2017: N45,138m
% change: 0%

* Final dividend of 15 Kobo per share for 2018 proposed is subject to approval by the shareholders at AGM.
** Net asset is total asset less total liability.
*** Operating profit has been adjusted for exchange loss impact and which has been separated from Cost of Sales as in previous financials.

Notice of meeting

NOTICE IS HEREBY GIVEN that the 70th Annual General Meeting of PZ Cussons Nigeria PLC will be held at the Transcorp Hilton, Abuja, F.C.T on Thursday, 18 October 2018 at 11.00 a.m. for the following purposes:

Ordinary business

1. To lay before members the Report of the Directors, the Financial Statements for the year ended 31 May 2018, the Reports of the Auditors and the Audit Committee thereon.
2. To declare a Dividend
3. To elect/re-elect Directors
4. To authorise the Directors to fix the remuneration of the Auditors
5. To elect members of the Audit Committee

Special business

1. To approve the remuneration of the Directors
2. To consider and pass the following resolution as an ordinary resolution of the Company:
   "That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms, in compliance with the NSE Rules Governing Transactions with Related Parties or Interested Persons, be and is hereby renewed"

BY ORDER OF THE BOARD

Abiola Laseinde FCIS
Company Secretary
FRC/2016/NBA/00000015857
08 August 2018

PZ Cussons Nigeria PLC
45/47, Town Planning Way
Ilupeju Industrial Estate
Lagos
www.pzcussons.com.ng

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 Payment and Closure of Register
If the dividend recommended by the Directors is approved, dividend will be paid electronically on Friday, 19 October 2018 to Shareholders whose names are on the Company's Register of Members at the close of business on Friday, 21 September 2018 and who have completed the e-dividend registration and mandated the Registrar to pay their dividends directly into their bank accounts in compliance with the directives of the Securities and Exchange Commission.
Notice is hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 24 September 2018 to Friday, 28 September 2018 (both dates inclusive), to enable the preparation and payment of dividend."

Nominations for the Audit Committee
The Audit Committee consists of three Shareholders and three Directors. In accordance with section 359 (5) of the Companies and Allied Matters Act, CAP C20, 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.

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© 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.

Chairman's statement

Distinguished shareholders, ladies and gentlemen

It gives me great pleasure to welcome you all to the 70th Annual General Meeting of your company to present the Annual Report and Financial Statements for the year ended 31 May 2018. Before I do this, let me highlight the key events that underlined the performance of the company during the year.

The year under review started on a positive note with the economy showing signs of emerging out of the recession which had characterized 2016 and first half of 2017. This recovery was driven by strengthening in the oil sector and agriculture production. Global prices of crude oil rose to $67 per barrel by May 2018 compared to $47 in June 2017 contributed to this growth. Increase in foreign exchange reserves and stable exchange rates also contributed. Access to foreign currency enabled companies to procure the much needed raw materials and to finance capital projects.

However, despite the positive signs noted above, the liquidity created by the favorable oil prices did not all flow into the economy which saw a GDP growth rate of less than 2.0 %. Inflation continued to drop as the naira strengthened closing the year at 11.6%. However interest rates remained high and the cost of borrowing continued to hover around 20% per annum.

The combined effect of all these developments was that the expected uplift in trading did not materialize, while competitive pressure increased. These factors impacted on volumes, prices and margins across most categories and segments that the business participates in.

Operating results and performance

The above factors had a bearing on the performance of the company. Revenue growth was tepid and profit after tax declined. Consolidated revenue grew by 3% to N80.6 billion up from N78.2 billion in the previous year. After a promising first half, the expected peak season uplift in the second half did not take place reflecting the weaker overall market conditions in the economy. There have been no structural changes in the landscape of the segments in which we operate and the market share of our brands remains strong. To buttress and sustain our position in the market, improve efficiencies and to improve performance of the business into the future, a number of initiatives are being implemented:

- A further streamlining and optimization of the product portfolio to bring more focus on key brands and categories and to restore margins.
- A further consolidation of existing infrastructure and facilities to create synergies and improve efficiency on the supply chain side of the business.
- A review of product costs across all categories with a focus on areas such as packaging reduction and a drive to reduce plastic consumption.
- Optimization of the operating model to reduce overheads, as well as improve the speed at which new products are brought to market.
- A drive to fully realise the benefits of SAP implementation program across all areas of the business, in term of cost saving and operating efficiencies.

The Family Care business recorded a growth in revenue of 4% for the year. This was achieved despite the depressed disposable income and increasing competition.The business continued to focus on key initiatives which were launched in the previous financial year.

However, the white goods business experienced its second year of decline in revenue recording a negative growth of (-6%) for the year. The depressed disposable income conditions in the economy necessitated that demand for durable goods continue to be weak as consumers prioritize foods and other basics. The weaker revenue growth and increased operating expenses due to inflation resulted in a reduction in Group Profit after Taxation (PAT) to N1.9 billion down from N3.7 billion in the previous year.

Our balance sheet remains strong with total assets of N88.1bln compared to N90.1bln in prior year. The N1.7 billion of export rebates that are receivable from the Nigerian government that we mentioned in prior year report is still included in our total assets. These are referred to in more detail in the notes to the financial statements.

We continue to maintain a strong cash position which underlines the overall health of the business. This positive cash position gives us flexibility and agility in financing our operations.

Dividends

Fellow Shareholders, the Board of Directors is recommending to the shareholders at this AGM, a final dividend pay-out of N595,571,550 representing a payment of 15 kobo per share (2017: 50 kobo per share). If approved, the dividend will be paid to shareholders on Friday, 19 October 2018, 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 with general decline in the overall market. Our focus brands in the Personal and Home care categories continue to perform relatively well holding or growing share.

In Personal care, we maintained our leadership position in personal wash and key baby categories. We extended our personal wash brands into care segments like body sprays and roll-ons, Baby and toilet soaps categories. The Premier range continued its strong performance driving our market leadership in toilet soaps category and extended into the antiseptic segment, and into Body sprays and deodorant roll-ons. We launched Imperial leather body sprays and roll-ons to expand the franchise of one of our iconic brands into new segments. We continued the growth of Cussons Baby by consolidating our position in gifts segment and extension into the wipes category. The Cussons Baby soap remains the market leader in the baby soap segment.

In the Home care range, Morning Fresh grew and retained market leadership despite strong competition from 3 major players in the market. We also introduced a small penetration pack to accelerate category establishment in the market and enhance our leadership position. Canoe retained the market leadership in laundry bar categories despite the entry of competitive brands, and continues to drive growth in the branded detergent segment.

We continued to accelerate the development of our Active distributors, growing their contribution to our overall business, whilst building very strong commercial relationships with our wholesale distributors.

It was an eventful and exciting year for the Electricals Category. It was a year when the business engraved its leadership position in the market with its widely accepted energy saving innovative technology. Overall, demand remained weak due to the low consumer disposable income, while competition intensified driven by improved availability of foreign currency and stable foreign exchange rates. In the course of last year, we had a major refresh of our freezers, fridges and air conditioner's by converting all our range into energy saving. The benefit to the consumer is up to 40% reduction in electricity costs. We have been able to achieve this by completely redesigning our offerings and also by introducing a new gas. This gas not only helps reduce energy consumption but it also conforms to the new energy efficiency standards that Standards Organization has issued. This has allowed Haier Thermocool to offer the widest range of energy saving electricals in the Nigerian market. The business is therefore now rightly positioned with its compelling consumer-centric solutions, placing us in a better place for stronger growth in coming year and the future.

Chairman's statement continued

The Board

During the course of the financial year, Mr. David Petzer resigned from the Board with effect from 20th February 2018. On your behalf, we wish to thank Mr. Petzer for his valuable contributions to the Company during his tenure. Mr Pedro Barreto was subsequently appointed effective 20 February as the new Chief Finance Officer. Mr. Georgios Sotiropoulos who is the Managing Director for Supply Chain was appointed as executive director of the Board, effective 22 March 2018.

Staff

The sustained 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 the business objectives. For this reason the Company continues to invest in training programs across all cadres of the organization. Talent development and succession planning continue to be core focus for the business.

Corporate Social Responsibility

The mission of PZ Cussons Foundation is to improve the welfare of Nigerians by working in partnership with local communities, government and other NGO's. We aim to deploy sustainable projects with positive impact and ensure these corporate social investments have maximal community involvement and wide geographical spread. Our priority areas of intervention are in the area of health, empowerment, education and portable water. Our host communities remain our partners. Since inception, the Foundation has implemented over 70 projects in the 6 geo political zones.

For the current financial year 2017/2018 the following projects were commissioned:

- The 2018 PZ Cussons Carex Chemistry Challenge.
- Donation of Mobile Science and Maths Laboratory, Katsina.
- Global Handwashing Campaign for 2017, Cross Rivers / Benue / Lagos states.
- Donation of a Block of classrooms at Goron Dutse Mass Literacy Centre for Women, Kano State.
- Donation of Hostel Blocks at River Oji Leprosarium, Orji, Enugu State.

See more details on the CSR pages 28-29

The future

We look into the future with excitement and great confidence. The current stable conditions in the market point to a sustainable economic growth going forward. We expect that the current efforts on both the fiscal and monetary spheres of the economy targeted at improving conditions for businesses will be sustained. We read positively the recently announced currency swap deal between Nigeria and China especially for our white goods division.

Our brands continue to lead in the market segments we participate. We will continue to invest in innovative value propositions for the consumer in order to sustain our leadership position. Our product portfolio will be streamlined to ensure improved focus on core brands and categories. We will sustain the investments in our supply chain processes and consolidate our depot network to optimize our operational efficiencies.

Conclusion

Let me conclude by giving a special appreciation to our customers for their strong confidence in our products and the company, to our people for their dedicated hard work, and to our distributors for their commitment, loyalty and good partnership. I also want to appreciate our parent company, PZ Cussons Plc, for their long term commitment to the development of the country and for their unwavering support for our company.

Finally, I would like to thank my esteemed colleagues on the Board and members of the subcommittees for their valuable insights, counsel and team work during the last financial year. I look forward with confidence that we will continue working together and we will chart the course to sustainable performance and growth for our company.

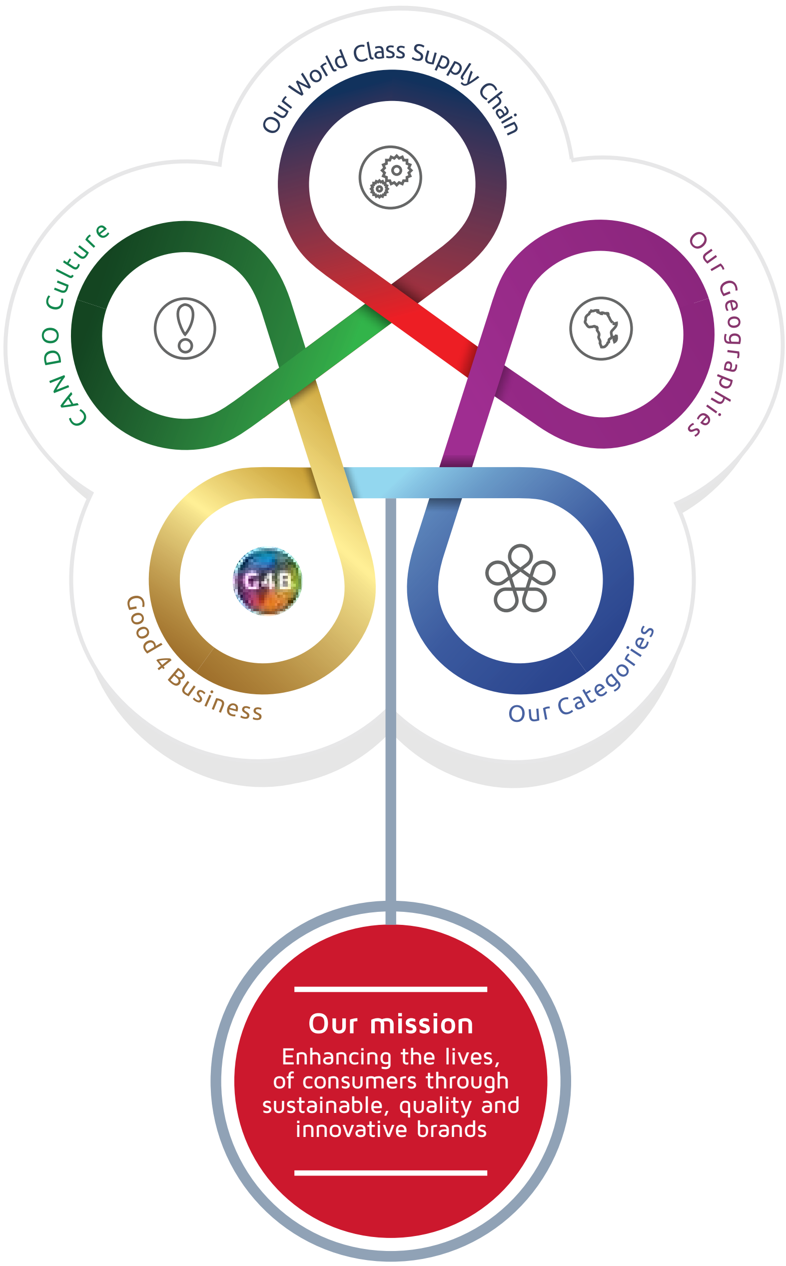
I thank you.

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

PZ Cussons Nigeria PLC Annual Report and Accounts 2018

Our Business Model

Creating value through our unique business model



Our Categories

Consumer brands which occupy No1 and No2 leading market share positions in three main categories.

Personal Care
Home Care
Electricals

Our World Class Supply Chain

Flexible supply chain capabilities reinforced by a modern factory footprint and excellent distribution networks.

Modern factory footprint
Excellent distribution networks

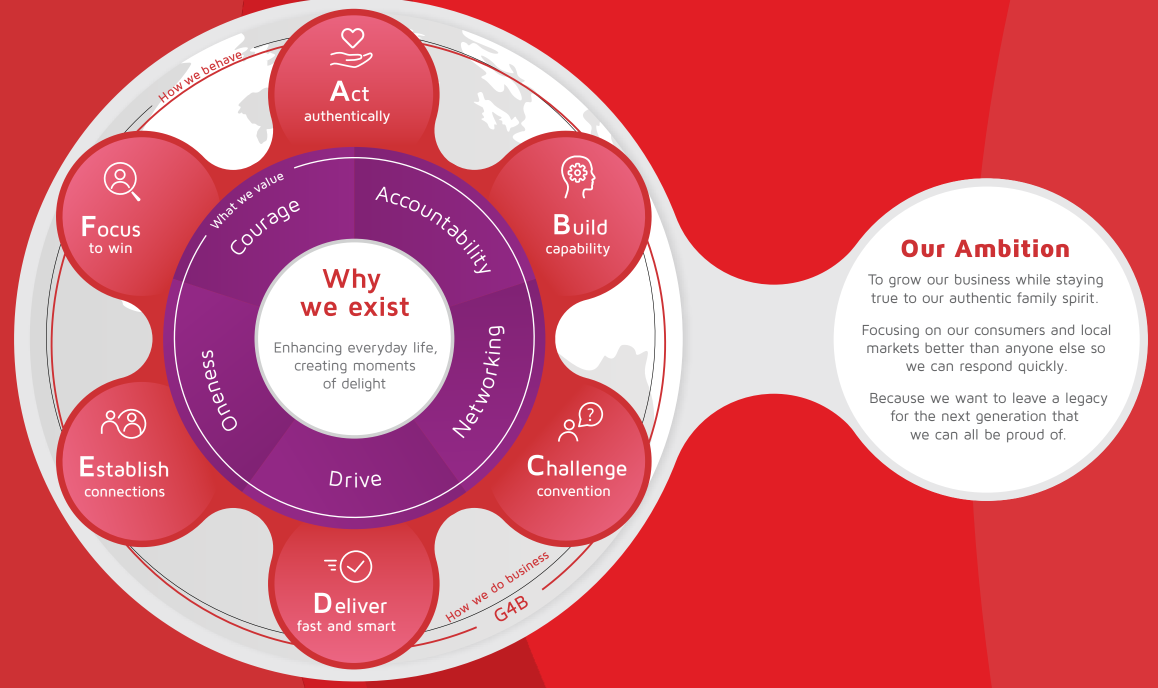
Can Do

Culture, people and values
Living our values
Courage | Accountability | Networking
Drive | Oneness

Good4Business

Further integration of sustainability throughout our business.

Business Governance & Ethics
Environment
Sourcing
Community & Charity



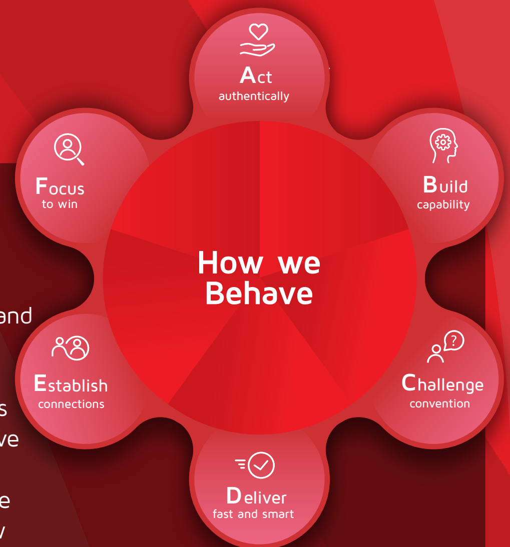
Culture, people and values

Over the past four years, we have been transforming our organisation to work more effectively both globally and regionally in order to promote sustainable growth.

Moving to an integrated matrix organisation has required a shift in skills, capabilities and behaviours. Supporting this shift has been at the heart of our talent activities, from early career development, through to in-function and leadership development. Our Graduate Trainee (GT) programme is coveted due to the in-depth experience that is gained, attracting hundreds of applicants seeking to join the Company. These early career programmes have been particularly successful in attracting female talent. This year 50% of our trainees were females.

Building the skills, capabilities and mindsets needed to successfully lead in our matrix organisation continues to be an area of focus, with over 95% of our senior and mid-level leaders attending our global leadership curriculum, The PZ Way of Leading. We will continue to build this capability by introducing The PZ Way of Leading – Emerging Leaders programme throughout the next financial year. Alongside building leadership capability, we have focused on defining the key experiences and competencies needed to be successful in a number of critical senior roles. This has allowed us to get even sharper in identifying the development actions that our future leaders need to assume next-level roles. In addition to leadership development, we have continued to build sales capability in traditional and modern trade across our commercial teams.

Most significantly,we have redefined the key differential behaviours that are needed by all employees to be successful today and in the future. Aimed to help us thrive as a business and in our individual roles and underpinning our CANDO values, our new PZC Behaviour Model dictates our new ways of working that will enable us to achieve our priorities and ambitions. As such they are at the core of all of our people processes, from who we recruit to how we develop and reward.



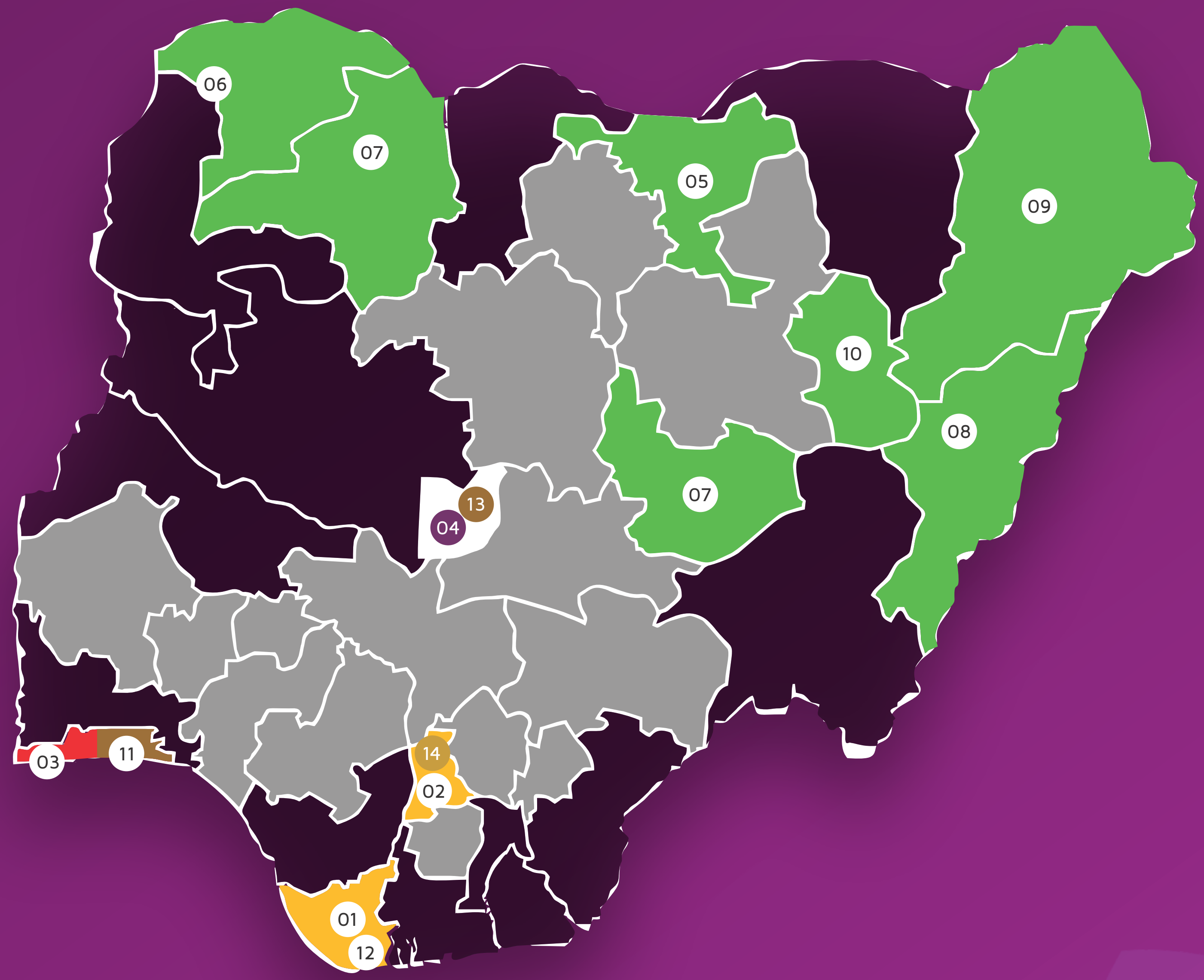
Our Geographies

Our balanced geography...

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.

Trading History

Since 1899 when Paterson and Zochonis opened its 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.



DISTRIBUTION POINTS

Eastern
01 Aba
02 Onitsha

Lagos
03 Isolo

Middle belt
04 Abuja

North
05 Kano
06 Sokoto
07 Gusau
08 Yola
09 Maiduguri
10 Gombe

Distribution centres
11 Isolo
12 Aba
13 Abuja
14 Onitsha

...providing diversity and flexibility

Mamador creates consumer choice

Mamador's quality cooking oil and flexible pack sizes have weathered the market's volatile economic conditions to deliver strong market share growth and financial results. The brand's consumer metrics showed strong brand health development, while growing consumer loyalty, penetration and buying rates.
These results were achieved by defining and developing brand positioning and through a number of key initiatives including the Mamador Million Hearts Campaign, while also offering consumers a greater choice of affordable pack sizes.

Mamador – Endorsed by the Nigerian Heart Foundation

Recently the Nigerian Heart Foundation, an affiliate of the World Heart Federation in Geneva, awarded Mamador (a brand of sister company – PZ Wilmar) cooking oil as a heart friendly cooking oil product and recommended it to Nigerian consumers. All the benefits and claims of the brand which include its cholesterol free claim, vitamins fortification and Omega 6&9 were all tested and adjudged to be true claims and therefore certified by NHF.

Our Categories

Consumer brands to remember and enjoy...

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

Personal Care

With our strong heritage in making life better, we have remained the largest indigenous provider of Personal Care products in Nigeria. Our brands, which have been trusted for generations to cater to the needs of the Nigerian consumers, are anchored on unique propositions, which have formed the foundation for sustainable business growth.

Premier, Nigeria's No1 'feel good' family bar, has maintained dominance in the family soap segment as its strategic positioning offered value-for-money to our consumers during the economic travails of the financial year.

The unique cooling proposition of Premier Cool Deo Antiseptic soap remains unrivalled in the category, and the on-going partnership with Manchester City Football Club has helped build an affinity with the football-loving users of the brand.

The Cussons Baby range of products has continued to garner trust and appreciation by Nigerian moms, helping to grow the baby care market with the increased penetration of our gift packs, while the Imperial Leather brand offers longlasting, everyday luxury for the whole family.

Our brands continue to aid community development as is the case with Carex hand hygiene brand that empowers school children to promote handwashing culture in their communities.

Home Care

Based on macro-economic challenges we've been able to maintain our relevance in a changing environment with flexibility to react and succeed in a market that shifts faster and more unpredictable than ever before. Our operations in this category comes with a good heritage, with Morning Fresh, Nigeria's No1 Best Selling Dish wash setting the innovative pace and launching its first ever Dish Wash Liquid Sachet to meet with the market need while it maintained its strong leadership position in the category despite economic downtime. Canoe, Zip and Tempo in the Fabric care category, made up of detergent powder, bulk powder and laundry soap has different brand appeals to satisfy our consumers.

Our brand equity initiatives have yielded us wider penetration and strengthened the brands' perception in the eyes of the consumers. Riding on this, we have also relaunched the Tempo Multipurpose detergent in a new consumer pack size, keeping the brand within reach of the consumers and maintaining a critical price point in an environment of low consumer disposable income. While in the Home Care category, we introduced the Home Care pack to serve as a convenience pack and address the current need o f the market.

Electricals

Our operation in this category comes with a good heritage. HPZ Limited is a JV between PZ Cussons Nigeria Plc (Thermocool) and the Haier Group. Thermocool is a leading consumer electronics brand providing comfort and lifestyle enhancing solutions. The partnership between PZ Cussons and Haier to produce the Haier Thermocool brand is the marriage of 2 world class organisations which are both synonymous with quality, reliability, innovation and dependability. With almost 50 years' experience in providing cutting edge technology. Thermocool brand is the most trusted number one white good brand in Nigeria and has become a household name.

Recently the brand stepped up its offer with its new energy saving solution technology on all its Freezers, Fridges and Air Conditioners; making it reaffirming its number one position among the Nigerian households. Haier Thermocool new range of energy saving products save consumer money with its low energy consumption. In addition, its durability heritage ensures each unit pays back the total cost of purchase within the shortest time. The company's investment in Eco-friendly refrigerant on the cooling range is also a demonstration of Haier Thermocool's social responsibility towards ensuring cleaner and safer environment for the future generation.

Its other range of products under the Haier Thermocool and TEC umbrella like cookers, generators, washing machines and dryers to water dispensers, microwave ovens are made with precinct quality for high performance, safety and distinct style.

In addition, the company has direct interface outlets with the consumers through its CoolWorld Stores, the No. 1 Electrical Appliances Retail Store, fully owned by PZ Cussons. CoolWorld store is known for unequaled consumer experience that takes retail service of electronic products beyond bricks and mortar. Being the service brand, CoolWorld delivers the most enjoyable, world-class shopping experience at every contact: instore, online or in person. It offers unbeatable customer service, product expertise, flexible payment options, leading warranty and unrivaled after sales services network within the country.

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 consumers first choice in equipping homes.

Our CoolWorld Electrical Retail Stores is the leading electrical retailer in West Africa providing solutions and enhancing the lifestyle of its customers. CoolWorld is Thermocool's No 1 retailer and fully owned by PZ Cussons. Being our service brand, we deliver the most enjoyable, world-class shopping experience at every contact: in-store, online or in person.

Our Categories

We will win through keeping our brands fresh and relevant for consumers.

Partnership with Manchester City FC

PZ Cussons signed on a three-year partnership with Manchester City FC to become the clubs' official partner in Nigeria. For Robb, the partnership provides the platform to deepen Robb's '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 associate our brands with Nigeria's most-loved sport, with a team playing in the English Premier League; the most watched league in Nigeria.

Leadership in Key Categories

PZ Cussons continues to lead the market in key categories where it plays in. We have maintained our leadership positions in the Toilet Soaps, Dish wash and Medicaments categories by leveraging consumer and market insights in the development and delivery of unique product offerings that meet the consumers' needs. Our focus into the future is to continue to build premium quality products that will deliver sustainable value to our consumers and brands.

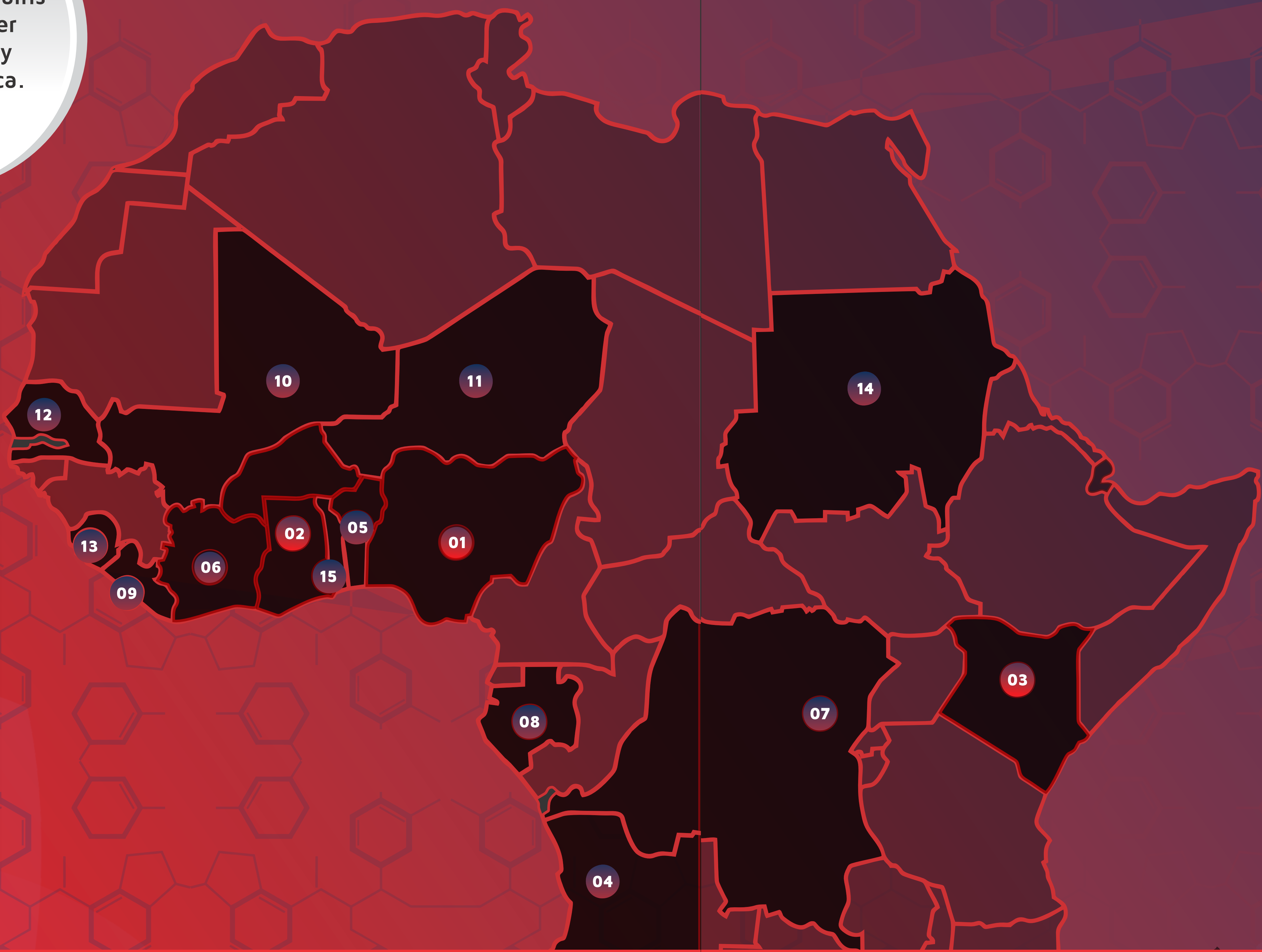
Our World Class Supply Chain

Delivering a flexible supply chain....

Supply Chain remains a valued partner to the company in winning Africa.

Manufacturers/ Distributors:
01 Nigeria
02 Ghana
03 Kenya

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



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 or operating units and markets in Africa.

The key pillars of our supply chain performance are:

- **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 to 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, the absence of strong regional trade structures, our manufacturing capability is a major advantage. We continually update and invest on our manufacturing plants making them second to none in our categories, which confers us with 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 day challenges, supported with world class warehouse infra structure that combine to enable speed to our customers and markets across the geographies. A global freight forwarding, and customs clearing management that delivers an efficient inbound logistics operations, creating value for the Group.

- **A Global customer services agenda that sharpens delivery**
We are evolving 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

...flexible, agile and world-class

We are increasing our business flexibility, agility to market and distribution network. Supported by new technology and processes, we are building a world class supply chain.

Business transformation

Eagle-We are flying

Our 3-year global SAP business transformation programme called Eagle is now live in Nigeria. Eagle forms the core part of delivering the Company's new operating model and will enable the Company to simplify our processes, systems and data to create consistency and to support future sustainable growth. The SAP Programme in Nigeria went live on schedule, drawing from expertise throughout the business and working with a cross-functional team comprising 18 nationalities, representing employees from all our geographies and cultures. The standard SAP solution was delivered working closely with our implementation partners IBM and T-Systems. The Company is already seeing significant improvements in business process, controls and visibility across the business and expects to see additional improvements during this financial year.

CAN DO

Our people, our greatest asset

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.

Accountability

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

Networking

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

"Great vision without great people is irrelevant"
– Jim Collins.

At PZ Cussons, we acknowledge this and persistently make people our greatest asset and distinguishing factor.

Last year, we reviewed our organisational competencies and developed a new behavioural model across all managerial levels in the organisation. The creation of these new behaviours had the involvement of various employees thereby owning our cultural shift. These behaviours will be embedded over the coming years and help to sustain our philosophy of adding value to our stakeholders and achieving overall organisational goals. Henceforth, our people will be modelled to 'Deliver Fast & Smart', 'Act with Authenticity', 'Build Capability', 'Establish Connections', 'Challenge Convention' and always 'Focus to Win'. This will further entrench our **CANDO** values and position our people for conquering new grounds.

In the last few years, we have paid special attention to strong leadership capability development as evident in the design and implementation of our flagship leadership curriculum tagged the **'PZ Way of Leading'**.

As an organisation that truly recognises people as her greatest asset, we have also initiated some work on rebuilding our Employee Value Proposition. This is aimed at attracting and retaining the best people with the right skills and **CANDO** attitude to work with our company, one that transcends cultural and geographic barriers.

Through effectively managing our Recruitment, Learning & Talent management, Reward and Employee Relation cycle we continue to build a success business that is sustainable.

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 under stated pride.

Good4Business

We are Good4Business

As part of our wider programme of business transformation, we have evolved our approach to corporate social responsibility.

Environmental progress

This year we have continued to embed G4B globally within our supply chain and manufacturing processes to reduce carbon, water and waste. Building on our good progress of previous years, we are pleased to confirm that we have once again exceeded our absolute reduction targets in all areas.

We are Good4Business

We are on a mission to be Good4Business (G4B) in every aspect of our organisation. We believe passionately that business can be a force for positive change. We have always aimed to make a positive impact on society through the products which we sell, the way in which our products are designed, manufactured and packaged and through the contributions we make to the communities in which we operate.

We do this not only because we know that it's the right thing to do, but also because we believe that it is Good4Business. By forging strong links with our local communities and mutually beneficial relationships with our business partners, conducting our activities with integrity and responsibility and by helping to conserve the planet's precious natural resources, we are creating sustainable value for all of our stakeholders, now and into the future.

Our G4B approach provides us with a clear framework for how we should conduct our business activities in Nigeria and across all of our product categories. It ensures that creating sustainable value for all sits at the heart of everything we do. Specifically, it provides four areas of focus that we call 'lenses',through which we can assess our business and ensure that creating sustainable value is integrated into all of our day-to-day decision-making:

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

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.

Partnership with the National Office for Technology Acquisition and Promotion (NOTAP).

Commissioning of Goron-Dutse Women Centre, Kano).

2017 PZ Cussons Chemistry Challenge.

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

About 3000 students from public and private senior secondary schools in Lagos converged at the various examination centers to compete for the PZ Cussons Chemistry Challenge (PZCCC) prize sponsored by Nunu Milk and Premier Cool. PZCCC, an initiative of the PZ Cussons Foundation had its fourth annual edition. 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 current financial year 2017/2018, the following projects were commissioned:

The 2018 PZ Cussons Carex Chemistry Challenge.
Donation of Mobile Science and Maths Laboratory, Katsina.
Global Handwashing Campaign for 2018, Cross Rivers / Benue / Lagos states.
Donation of a Block of Classrooms at Goron Dutse Mass Literacy.
Centre for Women, Kano State Donation of Hostel Blocks at River Oji Leprosarium, Orji, Enugu State.

Commissioning of Leprosy Rehabilitation Centre, Oji, Enugu State.

The Foundation in its drive to encourage the setup of rehabilitation settlements aimed at eradicating leprosy in Nigeria, and reducing the symptomatic stress associated with the stigma of leprosy; commissioned and handed over a 40 room hostel and pipe borne water on 06 February 2018 to the Oji Leprosarium.

2017 Global Handwashing Day.

PZ Foundation - Farewell Dinner for BOT Chairman.

The Foundation honoured its immediate past Chairman, Professor Emmanuel Edozien, who recently retired from the organization after a 10-year stint. The farewell dinner which held in Lagos on 15 May 2018 was graced by former First Lady of Nigeria Fati Lami Abubakar, former Minister of Women Affairs, Hajia Inna Ciroma, former Minister of Industry, Chief Dr (Mrs) Nike Akande and other Trustees of the Board.

The Foundation has been helping Nigerian local communities to improve education, health, portable water and infrastructure since 2007 and has successfully completed major projects throughout the region during Edozien's tenure.

PZ Foundation - 10th Anniversary.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DEO
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BODY SPRAY
Premier COOL
DEO
ANTISEPTIC SOAP
Premier COOL
OFFICIAL SOAP PARTNER OF MANCHESTER CITY FC
MANCHESTER CITY
PZ Cussons

Board of Directors' and Company Secretary

Strong Leadership

Chief Kola Jamodu, FCA 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 Institute of Chartered Secretaries, London.

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 and a Member of the Nigerian Industrial Policy and Competiveness Advisory Council.

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.

Mrs Elizabeth Ebi.
Non-Executive Director

Mrs. Elizabeth Ebi is a seasoned Investment Banker of high repute and integrity, the Chief Executive Officer of Futureview Group and a First Class NYU Scholar with an MBA in Finance and Investment from George Washington University, Washington D.C.

She is the first female stockbroker licensed on The Nigerian Stock Exchange, a member of the Governing Council and Board of Fellows of the Chartered Institute of Stockbrokers, a two term member of the Technical Committee of the National Council on Privatization (BPE), a Member of the Board of Trustees of Redeemers University, African Missions Global and Member of Women Corporate Directors.

Upon retirement as an Executive Director from Chase Merchant Bank after a 15 years stellar career, Mrs. Ebi founded Futureview Group in 1996 comprising Futureview Securities, Futureview Financial Services and Futureview Bureau de Change Limited as the first female founder and MD/CEO of an investment Banking firm in Nigeria. A company she has successfully led for over 20 years to become a leading investment banking company in Nigeria. Over the years, she has won several laudable awards for her contribution in the Nigerian Capital Market including her induction into the Nigeria Women Hall of Fame by the National Centre for Women Development, Abuja 2008.

Mallam Lawal Batagarawa.
Non Executive Director

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

Mr. Alexander Goma.
Executive Director
PZ Cussons Consumer SBU

Mr. Goma, a Fellow of the National Institute of Marketing of Nigeria, holds a BSc Degree in Biochemistry from the University of Port-Harcourt and an LLB from the University of London International programs.

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

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

Ms Joyce Folake Coker – **Human Resources & Administrative Director**

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

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

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

Mr. Paul Usoro, SAN.
Non-Executive Director

Mr Usoro, Senior Advocate of Nigeria, was educated at the Obafemi Awolowo University, Ile Ife. He is the Senior Partner of Paul Usoro & Co, a law firm founded by him and which has grown to become one of Nigeria's leading commercial law firms. Apart from being an acclaimed legal practitioner, Mr. Usoro has extensive boardroom experience having served as a director of diverse organizations. 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 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.

Mallam Dahiru Muhammad, FCIB.
Non- Executive

Mallam 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 Senior Lecturer in Economics at the University of Maiduguri and former Managing Director and CEO of New Africa Merchant Bank Ltd until his retirement in 1994.

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

Mr. Pedro Barreto.
Chief Finance Officer

Mr. Barreto was appointed as the Chief Finance Officer of the Company on 20th February 2018. He is a Graduate of Economics from Nova School of Business & Economics, Lisbon with post-graduate certification in Financial Markets, Advanced Financial Accounting (IAS/IFRS) and Taxation. He is an experienced Chartered Accountant (member of OTOC - Ordem dos Técnicos Oficiais de Contas) with extensive knowledge of IAS/IFRS, SNC NCRF (Portuguese GAAP) and ERP (namely SAP, Dynamics and Primavera) with over 20 years varied professional experience in working for multinational companies in Africa, Asia and Europe.

Prior to joining PZ Cussons, Mr Barreto was the Chief Finance Officer of the Ambrian Group for manufacturing operations. He has held previous positions as CFO and several roles in financial control and commercial finance within different kinds of manufacturing sectors, such as pharmaceutical, building materials and FMCG.

Mr. George Sotiropoulos.
Executive Director, Supply Chain

Mr. Sotiropoulos was appointed as Executive Director, Supply Chain on 22nd March 2018. As the Managing Director for P Cussons Supply Chain Africa, Mr. Sotiropoulos is responsible for Africa Supply Chain and Logistics. His primary responsibility is to support the commercial agenda of the business divisions and to develop a strong and self-sufficient Supply Chain team.

Mr. Sotiropoulos joined PZ Cussons 1992 and after an initial period in Nigeria, he was transferred to Asia where he worked in developing the sales network in East Indonesia. He later led the Chinese and Indonesian commercial operations in the capacity of Managing Director before returning to Africa to take up the role of Managing Director, East Africa. He joined the Nigerian team in 2009 in the capacity of Managing Director, Supply Chain with the primary responsibility to deliver the "Unity" program and transform the manufacturing infrastructure. He was the Supply Chain Sponsor for Eagle Wave 2. He holds a Masters Degree from the University of Birmingham (UK) in Mechanical Engineering and Business Studies.

Mrs. Abiola Laseinde FCIS.
Company Secretary/Head, Corporate Services Africa

Mrs. Laseinde joined PZ Cussons on 5th September 2016 as Head, Corporate Services for Africa and was appointed as the Company Secretary on 1st January 2017. She oversees the company secretarial, legal, property portfolio, risk management, intellectual property and corporate governance functions of PZ Cussons business entities in Africa. She is a lawyer, Chartered Secretary and a Corporate Governance Professional with over 16 years' experience garnered from different industries in Nigeria with a stint in Dubai, UAE.

Prior to her current role, she was the Legal Counsel, West Africa & Deputy Company Secretary of Cadbury Nigeria Plc and Cadbury Ghana (members of the Mondel z Group of Companies). She is the Immediate Past Chair of the Lagos State Chapter of the Institute of Chartered Secretaries & Administrators of Nigeria. She is also a Fellow and a Governing Council Member of same Institute. She is an Associate of the Chartered Institute of Arbitrators, UK and Member of the Nigerian Bar Association (NBA) and the International Federation of Women Lawyers (FIDA).

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MAY 2018

Accounts and Results

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 2018 together with the consolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows for the year ended on that date and notes to the financial statements including a summary of significant accounting policies.

Operating Results

The following is the summary of the Group's operating result as at 31 May 2018

	2018 N'000	2017 N'000	%Change
Revenue	80,552, 808	78,215,660	3.0
Operating Profit	8,228,081	13,215,356	(37.7)
Profit Before Tax	2,313,509	4,811,169	(51.9)
Tax	(386,389)	(1,124,572)	(65.6)
Profit After Tax	1,927,120	3,686,597	(47.7)

Dividend

The Directors are pleased to recommend to the shareholders the payment of a final dividend of 15 kobo per share amounting to N595,571,550 (2017:50 kobo per share amounting to N1,985,238,523). The directors propose to carry to the reserves the balance of the year's profit after tax amounting to N1,331,548,450 (2017:N1,701,358,477). If the proposed dividend is approved it will be subjected to the deduction of withholding tax at the appropriate rate at the time of payment.

Principal Activities

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

Directors and their Interests

The directors who served during the year and their interest in the shares of the Company as recorded in the register of members for the purpose of Section 275 of the Companies and Allied Matters Act and in compliance with the Listing Requirements of the Nigerian Stock Exchange are as follows:

	Interest in the ordinary shares of the Company	
Name	**2018**	**2017**
Chief K. B. Jamodu, CFA CFR	**3,566,880**	**3,416,880**
Mr. C. Giannopoulos	Nil	Nil
Mr. L. Batagarawa	**20,706**	**20,706**
Mrs. E. Ebi	Nil	Nil
Ms J.F Coker	**3,889**	**3,889**
Mr. A. Goma	**25,000**	**25,000**
Mr. D. Muhammad	Nil	Nil
Mr. P. Usoro	**1,000,000**	**1,000,000**
Mr. Pedro Barreto	Nil	Nil
Mr. George Sotiropoulos	Nil	Nil

There was no change in the above holdings as at 08 August 2018 and no directors have an indirect interest in the share capital of the company.

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/she was involved with the Company during the year.

Directors for re-election

In accordance with Article 90 of the Company's Articles of Association and Section 259 (1) of the companies and Allied matters Act, one third of the number of Directors, based on the length of stay in the office must retire at the Annual General Meeting. They may offer themselves for re-election. Accordingly, Mr. P. Barreto, Mr. G. Sotiropoulos and Chief K. Jamodu will be retiring at the meeting, and, being eligible, they have offered themselves for re-election.

Records of Directors Attendance

In compliance with Section 258 (2) of the Companies and Allied Matters Act the Record of Directors' Attendance at Board Meetings in 2017/2018 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 four times during the 2017 financial year. The meetings were presided over by the Chairman. In all cases written notices of meetings, the meeting agenda as well as the reports for consideration were circulated well ahead of the meetings. The minutes of the meetings were appropriately recorded and circulated.

Attendance at Meetings

The Board has a formal schedule of meetings each year and met four (4) times in the course of the year under review, including a Board Learning Session. The record of attendance of the Directors at the meetings is set below:

	07/08/17	28/09/17	25/01/18	22/03/18
Chief K. B. Jamodu	✓	✓	✓	✓
Mr. C. Giannopoulos	✓	✓	✓	✓
Mrs. E. Ebi	AP	✓	✓	✓
Mallam D. Muhammad	✓	✓	✓	✓
Mallam L. Batagarawa	✓	✓	✓	✓
Mr. P. Usoro	AP	✓	✓	✓
Ms J. Coker	✓	✓	✓	✓
Mr. A. Goma	✓	✓	✓	✓
Mr. D. Petzer	✓	✓	✓	N/A
Mr. P. Barreto	N/A	N/A	N/A	✓
Mr. G. Sotiropoulos	N/A	N/A	N/A	N/A

✓ = Present
AP = Absent with apology
N/A = Not a member of the Board of Directors at that date

Major Shareholdings

According to the Register of members as at 31 May 2018, PZ Cussons (Holdings) Limited UK held 2,909,349,788 shares. This represents 73.27% of the paid-up capital of the Company.

Analysis of Shareholdings

The shareholding pattern of the company as at 31 May 2018 as advised by the Registrar is as stated below:

RANGE	No of Holders	% Holders	Units	Units
1 - 1,000	24,641	32.61	10,589,909	0.27
1,001 - 5,000	23,338	30.88	57,618,469	1.45
5,001 - 10,000	11,463	15.17	87,778,403	2.21
10,001 - 50,000	13,994	18.52	286,238,191	7.21
50,001 - 100,000	1,153	1.53	80,319,150	2.02
100,001 - 500,000	812	1.07	158,894,503	4.00
500,001 - 1,000,000	82	0.11	57,624,658	1.45
1,000,001 - 5,000,000	74	0.10	162,362,722	4.09
5,000,001 - 10,000,000	4	0.01	26,151,860	0.66
10,000,001 - 50,000,000	6	0.01	133,549,392	3.36
50,000,001 - 100,000,000	1	0.00	82,442,840	2.08
100,000,001 - 3,970,477,045	1	0.00	2,826,906,948	71.20
	75,569	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 2018.

REPORT OF THE DIRECTORS
CONTINUED

Board Committees

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

Board Audit and Risk Management Committee

The Committee is to assist the Board in its oversight of the risk profile, risk management framework and risk review strategy. The Committee is to carry out periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile. The Committee is made up of five members namely:

Mr. L. Batagarawa - Chairman
Mr. C. Giannopoulos
Mrs. E. Ebi
Mr. A Goma
Mr. P. Barreto

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
Mrs. E. Ebi	3	3
Mr. A Goma	3	3
Mr. D. Petzer	3	2
Mr. P. Barreto	3	1

The meetings were held on 02 August 2017, 24 January 2018, 21 March 2018 and 08 August 2018.

Governance/People Committee

The committee advises the Board on 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. C. Giannopoulos
Ms. J.F. Coker
Mr D. Muhammad

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

Name	No. of meetings held	No. of meetings attended
Mr. P. Usoro	3	3
Mr. C. Giannopoulos	3	3
Ms. J.F. Coker	3	3
Mallam D. Muhammad	3	3

The meetings were held on 05 July 2017, 23 January 2018 and 14 March 2018.

Statutory Audit Committee

The Committee is established to perform the functions listed in Section 359(6) of the Companies and Allied Matters Act. The Committee consists of six members made of three representatives of the shareholders elected at the previous Annual General Meeting for the 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 Deloitte Touche, the Company's external auditors.

The following directors served on the Committee during the year:

Mr. L. Batagarawa
Mr. A. Goma
Mrs E. Ebi

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

Name	No. of meetings held	No. of meetings attended
Professor A. Osuntogun	4	4
Mr. O.I. Obarinde	4	4
Mr. E.A. Akinduro	4	4
Mr. L. Batagarawa	4	4
Mr. A. Goma	4	4
Mrs E. Ebi	4	4

The meetings were held on 02 August 2017, 28 September 2017, 24 January 2018 and 21 March 2018.

Corporate Governance Report

The Board is committed to meeting the standard of Best practices 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 fifteen directors. At the date of this report, the Board consists of ten 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 practices, 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 co-ordinating the running of the business and implementing strategies.

Independent Directors

In compliance with the Code, Two (2) of the five (5) Non-Executive Directors are independent directors having no significant shareholding interest or any special business relationship with the Company.

Board Operations

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

The specific issues reserved for the Board include:

- The ultimate direction of the company particularly the conduct and supervision of the business
- Determination of the Company's organisation
- Risk Management and internal control
- Supervision with respect to compliance with the law
- Corporate Governance matters
- Communication with shareholders
- 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 Board meeting. New Directors are selected through carefully articulated selection guideline that place emphasis on integrity, skills and competences relevant to the Company's goals and aspirations. The Policy confers on the Governance and People Committee the responsibility of identifying individuals with track record of outstanding achievements and potentials 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 induction programme to equip and familiarize him/her with 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 details 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. The Board designed questionnaire for evaluation on areas such as the ability of the Board to fulfil its general supervisory roles, preparation of members for meetings, participation at meetings, quality of proposals made by members at meetings etc. The questionnaire for evaluation for the period ended 31 May 2018 was completed by members and the summary of the results compiled electronically.

Based on the results, the Board, its committees and each individual director recorded very good performance.

Internal Control

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

Communication with Shareholders

The Board is committed to an open and consistent communication policy with shareholders and other stakeholders. The guiding principle is that all shareholders should be given equal treatment in equal situations.

Thus price sensitive information is published timely in full, simple and transparent format to all shareholders at the same time.

Furthermore all shareholders have equal opportunity at the Annual General Meeting to present questions to the Board and make comments on any aspect of the financial statements

Insider Dealings

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

The Corporate Governance Rating System Certification

We are pleased to report that our Company has successfully completed the Corporate Governance Rating System exercise conducted by the Nigerian Stock Exchange (NSE) and the Convention on Business Integrity (CBI). The exercise comprises three segments: an independently verified, self-assessment by the Company; a certification of director awareness of their fiduciary duties; and a corporate integrity assessment where perceptions of actual company behaviour are sought from internal and external stakeholders. Combinations of the three segments with attendant weighted scores are collated and companies with a score of 70% and above will be accorded the CGRS certification mark celebrating the degree to which they have evolved the quality of their corporate governance. Our Company scored 80.64% which is above the 70% threshold after the aggregation of scores across the three stages.

E- Dividend

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

Fixed Assets

Movement in fixed assets during the year are shown in note 4 in 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 6 distribution centres across the country with over 1000 distributors.
The Group also obtains its requirements from both local and overseas suppliers. The principal overseas suppliers are associated companies in the PZ Cussons Group. The transactions are carried out at arm's length.

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

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

Gifts and Donations
During 2018, the group contributed N50,000,000 (2017: N50,000,000) to PZ Foundation. The Foundation commissioned a number of sustainable projects for the benefit of various communities around the country. In accordance with Section 38(2) of CAMA, the group did not make any donation or gift to any political party, association or for any political purposes in the course of the year.

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

Statement of Compliance
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 through which the Company and its Registrars attend to issues and concerns raised by shareholders and provide the opportunity for shareholders to give feedback to the Company. The Company is dedicated to ensuring great standard of services 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.

Communication Policy
Our Company has in place a Communication Policy in accordance with the requirements of the Securities & Exchange Commission.

The Board recognises the need to communicate and disseminate information regarding the operations and management of the Company to all relevant stakeholders (including Shareholders, regulatory authorities, media, analysts and the general public).

Independent Auditors
The firm of Deloitte & Touche (previously known as Akintola Williams Deloitte) served as the Independent Auditor during the year under review. In accordance with Section 357(2) of CAMA, Deloitte & Touche have indicated their willingness to continue in office as Independent Auditor of the Company. Dated the 8th day of August 2018.

BY ORDER OF THE BOARD

Abiola Laseinde FCIS
Company Secretary
FRC/2016/NBA/00000015857
Lagos, Nigeria
08 August 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the preparation and approval of the financial statements

The Directors of PZ Cussons Nigeria PLC are responsible for the preparation of the consolidated and separate financial statements that gives a true and fair view of the financial position of the Group and Company as at 31 May 2018, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.
In preparing these financial statements, the Directors are responsible for

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;

maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and

- preventing and detecting fraud and other irregularities.

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

The consolidated and separate financial statements of the Group and Company for the year ended 31 May 2018 were approved by the Directors on 08 August 2018.

On behalf of the Directors of the Group

Signed by Order of the Board

Chief Kola Jamodu FCA CFR
Chairman
FRC/2013/ICAN/00000001617
08 August 2018

Mr. Christos Giannopoulos
Chief Executive Officer
FRC/2013/IODN/00000004206
08 August 2018

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 MAY 2018

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:
a) Reviewed the scope and planning of the audit requirements and found them adequate;
b) Reviewed the financial statements for the year ended 31 May 2018 and are satisfied with the explanations obtained;
c) Reviewed the external auditors' management letter for the year ended 31 May 2018 and are satisfied that management is taking appropriate steps to address the issues raised; and
d) Ascertained that the accounting and reporting policies for the year ended 31 May 2018 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.

Mrs E. Ebi
FRC/2014/CISN00000008003
07 August 2018

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. L. Batagarawa	-	Non-Executive Director
Mrs. E. Ebi	-	Independent Non-Executive Director
Mr A. Goma	-	Executive Director

INDEPENDENT AUDITOR'S REPORT

To the shareholders of PZ Cussons Nigeria PLC

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the accompanying consolidated and separate financial statements of PZ Cussons Nigeria PLC ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statements of financial position as at 31 May 2018, the consolidated and separate statements of profit or loss, other comprehensive income, changes in equity, cash flows for the year then ended, the notes to the consolidated and separate financial statements including a summary of significant accounting policies.
In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of PZ Cussons Nigeria Plc as at 31 May 2018 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PZ CUSSONS NIGERIA PLC

Key Audit Matter	How the matter was addressed in the audit
Impairment of Export Expansion Grant (EEG) Receivable and Unutilised Negotiable Duty Credit Certificates (NDCC) As indicated in Note 25 (Export expansion grant scheme) and Note 8 (Trade and other receivables), the group and the company had EEG Receivable of N1.66 billion and N1.64 billion respectively as at 31 May 2018 and unutilised NDCC of N0.29 billion and N0.27 billion respectively as at 31 May 2018. EEG receivable is recognised upon receipt of export proceeds into the country within a period not later than 180 days from the date of related export sales while unutilised NDCC is recognised on issuance of certificates by the Nigerian Export Promotion Council (NEPC) for the settlement of EEG receivable. In the last 4 years, the EEG scheme has not been operating as designed based on the following: • Exporters have not been able to submit valid EEG claims to the Nigerian Export Promotion Council (NEPC), the Federal Government of Nigeria (FGN) agency responsible for the administration of EEG Scheme) since January 2014 till date. • The NEPC stopped issuance of NDCC for settlement of EEG Receivable in January 2014. • Previously issued NDCC in the custody of beneficiaries remained unutilised for more than 4 years due to nonacceptance of the NDDC by the Nigerian Customs Service for settlement of import duties in lieu of cash. • In the current financial year, the authority issued a revised guideline on 12 June, 2017. The NDCC has now been replaced with the Export Credit Certificate (ECC) which can be used to settle all federal government taxes such as VAT, WHT, company income tax etc. It can also be used to purchase government bonds and repay government credit facilities, and debts due to the Assets Management Company of Nigeria (AMCON). Management applied significant judgement in relation to retention of EEG Receivable and unutilised NDCC and these forms the basis of our focus on the balances. Per management assessment, both the EEG and unutilised NDCC are sovereign debts. Hence, management is confident that the balances are recoverable because government is a continuum. Accordingly, no impairment charge was recognised with respect to the EEG receivable and unutilised NDCC. This is considered a key audit matter in both the consolidated and separate financial statements.	• We obtained an understanding of the group's accounting policy on EEG receivable and unutilised NDCC and evaluated it for compliance with the requirements of International Accounting Standard (IAS 20) – Government Grant, and the Nigerian Export Promotion Council (NEPC) Act. • We tested the carrying value of EEG Receivables and unutilised NDCC for compliance with the company's accounting policy. In particular, we examined relevant support documents to substantiate that proceeds of related export sales, supporting the carrying value of EEG receivables, were repatriated within 180 days of sales. In addition, we performed procedures to ascertain that the group has met the following criteria EEG receivables: - the Group is registered with NEPC - the Group has annual export sales proceeds in excess of N5 million; and - the group exports only made in Nigeria goods. • We evaluated the impact of the revised guideline issued on 12 June, 2017 by NEPC on EEG and the request for submission of the NDCC for onward conversion to government sovereign bonds. Also, we reviewed correspondences with NEPC confirming that the NDCC (now ECC) certificates have now been submitted to the NEPC. The judgement and assumptions made by the directors for the assets impairment test were found to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PZ CUSSONS NIGERIA PLC

Other Information

The directors are responsible for the other information. The other information comprises the directors' Report, Audit Committee's Report and Chairman's statement, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PZ CUSSONS NIGERIA PLC

significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Other matters

The financial statements of PZ Cussons Nigeria Plc for the year ended 31 May 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 31 August 2017.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we expressly state that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group and Company have kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position, statements of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Hassan Lawal, FCA
FRC/2013/ICAN/00000001382
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
30 August 2018

RESULTS AT A GLANCE
YEAR ENDED 31 MAY 2018

	The Group		%
	2018 N'000	2017 N'000	Increase/ (decrease)
Revenue	**80,552,808**	78,215,660	3
Operating profit	**8,228,081**	13,215,356	(38)
Profit before taxation	**2,313,509**	4,811,169	(52)
Taxation	**(386,389)**	(1,124,572)	(66)
Profit for the year	**1,927,120**	3,686,597	(48)
Non controlling interest	**81,906**	362,886	(77)
Profit attributable to equity holders of parent company	**1,845,214**	3,323,711	(44)
At year end:			
Share capital	**1,985,238**	1,985,238	
Total equity	**45,108,589**	45,137,877	
Per 50k share data:			
Based on 3,970,477,045 ordinary shares of 50k each:			
Basic and diluted earnings per share (Naira)	**0.46**	0.84	
Number of employees	**1,318**	1,587	
Stock exchange quotations in Naira (Company) as at 31 May	**21.85**	18.70	

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2018

		The Group		The Company	
	Notes	**2018 N'000**	2017 N'000 *Restated	**2018 N'000**	2017 N'000 *Restated
Revenue	18a	80,552,808	78,215,660	58,483,029	54,761,729
Cost of sales	17a	(56,097,215)	(50,267,760)	(39,816,689)	(36,809,211)
Gross profit		**24,455,593**	**27,947,900**	**18,666,340**	**17,952,518**
Selling and distribution costs	17a	(9,601,809)	(9,095,909)	(7,155,730)	(6,479,803)
Administrative expenses	17a	(6,625,703)	(5,636,635)	(6,115,539)	(5,347,526)
Operating profit		**8,228,081**	**13,215,356**	**5,395,071**	**6,125,189**
Exchange loss	17b	(5,391,604)	(8,797,880)	(3,121,710)	(3,423,214)
Other income	18b	128,748	198,601	269,320	340,084
Interest income	27	180,657	485,569	106,085	191,092
Interest cost	27	(832,373)	(290,477)	(912,026)	(415,987)
Net finance (cost)/income		(651,716)	195,092	(805,941)	(224,895)
Profit before taxation		**2,313,509**	**4,811,169**	**1,736,740**	**2,817,164**
Taxation	16	(386,389)	(1,124,572)	(106,183)	(581,533)
Profit for the year		**1,927,120**	**3,686,597**	**1,630,557**	**2,235,631**
Total comprehensive income for the year		**1,927,120**	**3,686,597**	**1,630,557**	**2,235,631**
Total comprehensive income for the year attributable to:					
Equity holders of the parent company		1,845,214	3,323,711	1,630,557	2,235,631
Non controlling interest		81,906	362,886	-	-
		1,927,120	**3,686,597**	**1,630,557**	**2,235,631**
Basic and diluted EPS (Naira)	20	0.46	0.84	0.41	0.56

* Represents prior year balances restated during the reporting year (see note 28).

The notes on pages 51 to 86 are an integral part of these financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2018

		The Group		The Company	
	Notes	**2018 N'000**	2017 N'000	**2018 N'000**	2017 N'000
Assets					
Non - current assets					
Property, plant and equipment	4a	28,430,329	28,514,265	26,882,195	27,060,502
Intangible assets	4b	953,656	1,017,337	953,656	1,017,337
Investments in subsidiaries	5	-	-	504,406	504,406
Other long -term receivables	6	24,483	-	-	-
		29,408,468	**29,531,602**	**28,340,257**	**28,582,245**
Current assets					
Inventories	7	26,039,546	28,709,943	20,374,469	20,942,307
Trade and other receivables	8	15,053,400	15,672,199	10,226,443	14,719,909
Other assets	9	1,517,515	1,549,513	1,471,912	1,536,855
Deposits for imports	10	2,336,785	6,601,877	1,767,887	3,275,512
Cash and bank	11	14,260,256	8,022,391	12,395,151	3,982,782
		59,207,502	**60,555,923**	**46,235,862**	**44,457,365**
Total assets		**88,615,970**	**90,087,525**	**74,576,119**	**73,039,610**
Equity					
Share capital	12	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		33,297,964	33,409,158	24,886,872	25,212,723
Equity attributable to equity holders of parent company		42,161,471	42,272,665	33,750,379	34,076,230
Non controlling interest		2,947,118	2,865,212	-	-
Total equity		**45,108,589**	**45,137,877**	**33,750,379**	**34,076,230**
Liabilities					
Non-current liabilities					
Deferred taxation	13	2,421,833	2,399,389	3,666,010	3,960,174
Warranty provisions	14	103,516	184,215	-	-
		2,525,349	**2,583,604**	**3,666,010**	**3,960,174**
Current liabilities					
Borrowings	11	234,985	-	234,985	-
Trade and other payables	15	40,204,849	39,723,228	36,467,037	34,014,212
Current taxation payable	16	457,818	2,555,256	457,708	988,994
Warranty provisions	14	84,380	87,560	-	-
		40,982,032	**42,366,044**	**37,159,730**	**35,003,206**
Total liabilities		**43,507,381**	**44,949,648**	**40,825,740**	**38,963,380**
Total equity and liabilities		**88,615,970**	**90,087,525**	**74,576,119**	**73,039,610**

The financial statements on pages 63 to 84 were approved and authorised for issue by the board of directors on 08 August 2018 and signed on its behalf by:

Chief Kolawole Jamodu, FCA CFR
Chairman
FRC/2013/ICAN/00000001617

Mr. Christos Giannopoulos
Chief Executive officer
FRC/2013/IODN/00000004206

Mr. Mathew Chadzimura
Group Financial Controller
FRC/2017/ICAN/00000017014

The notes on pages 51 to 86 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2018

	The Group Attributable to owners				
	Share capital N'000	Share premium N'000	Retained earnings N'000	Non controlling interest N'000	Total N'000
At 1 June 2017	1,985,238	6,878,269	33,409,158	2,865,212	45,137,877
Profit for the year	-	-	1,845,214	81,906	1,927,120
Total comprehensive income for the year	-	-	1,845,214	81,906	**1,927,120**
Transactions with owners:					
Final dividend paid relating to year ended 31 May 2017	-	-	(1,985,238)	-	(1,985,238)
Unclaimed dividend forfeited	-	-	28,830	-	28,830
Total transactions with owners	-	-	(1,956,408)	-	(1,956,408)
At 31 May 2018	**1,985,238**	**6,878,269**	**33,297,964**	**2,947,118**	**45,108,589**

	The Group Attributable to owners				
	Share capital N'000	Share premium N'000	Retained earnings N'000	Non controlling interest N'000	Total N'000
At 1 June 2016	1,985,238	6,878,269	32,037,137	2,502,326	43,402,970
Profit for the year	-	-	3,323,711	362,886	3,686,597
Total comprehensive income for the year	**-**	**-**	**3,323,711**	**362,886**	**3,686,597**
Transactions with owners:					
Final dividend paid relating to year ended 31 May 2016	-	-	(1,985,238)	-	(1,985,238)
Unclaimed dividend forfeited	-	-	33,548	-	33,548
Total transactions with owners	-	-	(1,951,690)	-	(1,951,690)
At 31 May 2017	**1,985,238**	**6,878,269**	**33,409,158**	**2,865,212**	**45,137,877**

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2018

	The Company Attributable to owners			
	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 June 2017	1,985,238	6,878,269	25,212,723	34,076,230
Profit for the year	-	-	1,630,557	1,630,557
Total comprehensive income for the year	-	-	1,630,557	**1,630,557**
Transactions with owners:				
Final dividend paid relating to year ended 31 May 2017	-	-	(1,985,238)	(1,985,238)
Unclaimed dividend forfeited	-	-	28,830	28,830
Total transactions with owners	-	-	(1,956,408)	(1,956,408)
At 31 May 2018	**1,985,238**	**6,878,269**	**24,886,872**	**33,750,379**

	The Company Attributable to owners			
	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 June 2016	1,985,238	6,878,269	24,928,782	33,792,289
Profit for the year	-	-	2,235,631	2,235,631
Total comprehensive income for the year	-	-	2,235,631	**2,235,631**
Transactions with owners:				
Final dividend paid relating to year ended 31 May 2016	-	-	(1,985,238)	(1,985,238)
Unclaimed dividend forfeited	-	-	33,548	33,548
Total transactions with owners	-	-	(1,951,690)	**(1,951,690)**
At 31 May 2017	**1,985,238**	**6,878,269**	**25,212,723**	**34,076,230**

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

YEAR ENDED 31 MAY 2018

		The Group		The Company	
	Notes	**2018 N'000**	2017 N'000	**2018 N'000**	2017 N'000
Cash flows from operating activities					
Profit before taxation		2,313,509	4,811,169	1,736,740	2,817,164
Adjustment to reconcile net income to cash provided:					
Depreciation	4a	2,557,164	2,324,138	2,413,125	2,174,750
Amortization charge	4b	105,962	-	105,962	-
Profit on disposal of fixed assets	18b	-	(5,044)	-	(4,887)
Unclaimed dividend forfeited		28,830	33,548	28,830	33,548
Interest expense	27	832,373	290,477	912,026	415,987
Interest income	27	(180,657)	(485,569)	(106,085)	(191,092)
		5,657,181	**6,968,719**	**5,090,598**	**5,245,470**
Changes in assets and liabilities					
Decrease/(increase) in trade and other receivables		594,316	(2,834,654)	4,493,466	(3,724,017)
Decrease/(increase) in other assets		31,998	1,200,292	64,943	843,937
Decrease/(increase) in deposit for imports		4,265,092	(6,410,086)	1,507,625	(3,083,721)
Decrease/(increase) in inventories		2,670,397	(9,431,488)	567,838	(6,600,189)
(Decrease)/Increase in trade, other payables and provisions		397,742	13,951,515	2,452,825	13,960,747
Cash flows from operating activities		13,616,726	3,444,298	14,177,295	6,642,227
Tax paid	16	(2,461,383)	(1,153,643)	(931,633)	(66,213)
Net cash generated from operating activities		**11,155,343**	**2,290,655**	**13,245,662**	**6,576,014**
Cash flows from investing activities					
Purchase of fixed assets	4a	(2,473,228)	(4,333,479)	(2,234,818)	(3,895,530)
Proceeds from sale of fixed assets	18b		5,044		4,887
Purchase of intangible assets	4b	(42,281)	(1,017,337)	(42,281)	(1,017,337)
Interest income	27	180,657	485,569	106,085	191,092
Net cash used in investing activities		**(2,334,852)**	**(4,860,203)**	**(2,171,014)**	**(4,716,888)**
Dividend paid to equity holders of parent		(1,985,238)	(1,985,238)	(1,985,238)	(1,985,238)
Interest expense	27	(832,373)	(290,477)	(912,026)	(415,987)
Net cash used in financing activities		**(2,817,611)**	**(2,275,715)**	**(2,897,264)**	**(2,401,225)**
Net Increase/(decrease) in cash and cash equivalents		**6,002,880**	**(4,845,263)**	**8,177,384**	**(542,099)**
Cash and cash equivalents at 1 June		**8,022,391**	**12,867,654**	**3,982,782**	**4,524,881**
Cash and cash equivalents at 31 May	11	**14,025,271**	**8,022,391**	**12,160,166**	**3,982,782**

The notes on pages 51 to 86 are an integral part of these financial statements

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2018

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 products of Nutricima Limited, Harefield Industrial Nigeria Limited, PZ Wilmar Limited and PZ Wilmar Food Limited.

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

These consolidated and separate 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.

These consolidated and separate financial statements comprises of that of the group and the stand alone financial statements of the parent company.

2. Summary of Significant Accounting Policies of the Group and Company.

2.1 Basis of Preparation

The Consolidated and separate 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 Consolidated and separate financial statements in conformity with generally accepted accounting principles under IFRS requires the directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Disclosed in note 2.22 are areas where significant judgement and estimate has been applied in the preparation of these financial statements.

The Consolidated and separate financial statements have been prepared on a historical cost basis except for certain financial assets stated at fair value and the accounting policies set out below have been consistently applied to all the years presented.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated and Separate Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

2.1.1 Going Concern

The consolidated and separate 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 Group and company to continue as a going concern.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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2.1.2 Application of New and Revised International Financial Reporting Standards

New and amended standards adopted by the group
The Group and company adopted a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 7 Disclosure Initiative: The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The application of the standard however has no material impact on the consolidated and separate financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses: The amendments clarify the following areas as enumerated below.

a) Unrealised losses on a debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
b) When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
c) The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
d) In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The application of these amendments has had no impact on the consolidated and separate financial statements as it already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

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 January 2018, 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 Group

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,'Financial instruments: Recognition and measurement' which relates to the classification and measurement of financial instruments. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is assessing the full impact of IFRS 9 could have on its business; however, the Group will adopt the standard for the year ending 31 May 2019.

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. This standard replaces IAS 11'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty programmes, IFRIC 15 'Agreements for Construction of Real Estate' , IFRIC 18 'Transfer of Assets from customers' and SIC- 31 'Revenue'. The standard combines, enhances and replaces specific guidance on recognising revenue with a single standard. It defines a five-step model to recognise revenue from customer contracts.

The Group have considered the main types of commercial arrangements used with customers under this model and has tentatively concluded that the application of IFRS 15 will not have a material impacts on the results or financial position. The Group is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Company will adopt the standard for the year ending 31 May 2019

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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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 Group is assessing the impact of IFRS 16

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

2.2 Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current abilityto direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Business Combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

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- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.4 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.

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The 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.

2.5 Revenue Recognition
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.5.1 Sale of Goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

2.5.2 Dividend income
Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

2.6 Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.6.1 The Group as Lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.6.2 The Group as Lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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2.7 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 and separate financial statements are presented in 'Nigerian Naira' (N).

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented separately in the income statement where material.

2.8 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 and expense are recognised using the effective interest method.

2.9 Employee Benefits
2.9.1 Gratuity Scheme
PZ Cussons Nigeria Plc gratuity scheme is a short-term employee benefit that is computed based on the agreement between PZ Cussons Nigeria Plc and Staff of PZ Cussons Nigeria Plc dated 31 December 2006.
The scheme expense is computed on a monthly basis based on the length of service of the employee and the gross pay of the employee for the year under consideration. The scheme is funded directly using the company's cash flow and expensed to the income statement appropriately.
The PZ Cussons Nigerian Plc gratuity scheme runs from January to December of each year and it is paid in the month of February of the subsequent year. The gratuity scheme obligation at the end of each year relates to gratuity award for January to May that are due to be paid to staff but unpaid as at year end.
The scheme is only applicable for staff engaged before 1 January 2007 hence, all staff employed subsequently are not covered by the scheme."

2.9.2 Defined Contribution Scheme
The group operates a defined contribution plan. The defined contribution plan pays a fixed contribution into a separate entity. Hence, the group has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient asset to pay all the employees the benefits relating to employees' service in the current and prior period.

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

2.9.3 Incentive and Bonus Scheme
The group recognises a liability and expense for incentive and bonus scheme based on the formula that takes into consideration the group's objectives (net sales, operating contribution and net working capital). The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.10 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 has complied with all 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 Statement 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 transaction must have the proceeds fully repatriated within 180 days, calculated from the date of export and as approved by the EEG Implementation Committee."

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2.11 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.

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.

2.12 Property, Plant and Equipment
All property, plant and equipment are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and impairment losses.

Land and buildings comprise mainly of factories and offices.

Historical cost includes purchase costs, expenditure that is directly attributable to the acquisition of the items and the estimate of the cost of decommissioning (dismantling, removing the asset and restoring the site).

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

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

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Freehold land	Nil
Freehold Buildings	2%
Leasehold land and buildings	
- Over 50 years	2%
- Under 50 years	Over the lease period
Plant and machinery	4-12.5%
Office furniture and fittings	20%
Computer/IT equipment	33%
Motor vehicles	25%
Capital work in progress	Nil

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 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.

2.13 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. Adequacy of provision is accessed on a monthly basis; and any resultant adjustment is reflected in the income statement of the period.

2.14 Non-Financial Assets
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Financial Assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.15.1 Effective Interest Method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL

2.15.2 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.

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2.15.3 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.

2.15.4 Impairment of Financial Assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying mount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.15.5 Derecognition of Financial Assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16 Financial Liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

2.16.1 Other Financial Liabilities
Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16.2 Derecognition of Financial Liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.17 Inventories
Inventories are stated at the lower of cost and estimated net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bring them to their existing location and condition. The basis of costing is as follows:

- Raw materials, non-returnable packaging materials and consumable spare parts purpose cost on a weighted average basis including transportation and applicable clearing charges
- Finished products and products-in-process
- Weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal operating capacity
- Inventory-in-transit
- Purchase cost incurred to date
- Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items

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

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

2.19 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. Unclaimed dividend for twelve years and above is treated as statute barred and it is written-back to retained earnings.

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2.20 Recognition and Measurement of Investments in Subsidiary in Separate Financial Statements of 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.

2.21 Deposit for Letters of Credit
Deposit for letters of credit is recognised at fair value less impairment losses.

2.22 Intangible Asset
Software acquired is recognized at acquisition cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditures are capitalised only when it increases the future economic benefits of the related software. Software maintenance costs are recognized as expenses in the income statement as they are incurred. Amortisation is recognized in income statement on a straight-line basis over the estimated useful life of the software, from the first day of the first full financial year the software is put into use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.23 Impairment of Tangible and Intangible Assets other than Goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.24 Earnings per Share (EPS)
The Group/Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.25 Critical Accounting Judgements
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.

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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 estimates that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year is as follows:

2.25.1 Export Expansion Grant Receivable and Negotiable Duty Credit Certificates

Export Expansion Grant Receivable and Negotiable Duty Credit Certificates represents benefits from Federal Government of Nigeria in the form of rebates on locally manufactured goods exported by the group. The related balances as indicated in Notes 7 and 24 have been outstanding for more than one year. Notwithstanding, no impairment charge is recognised. The group assesses the balances and concluded that no impairment charge is required on the basis that they are sovereign debts.

2.25.2 Useful lives of Plant Property and Equipment (PPE)

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

2.25.3 Warranty Provisions

Provision for products warranty is made at the time of revenue recognition and they are reviewed and adjusted periodically to reflect actual and anticipated experience. The estimation of provision at each period end requires involvement of staff with product knowledge and the estimate could change if there are changes in factors considered during the formulation of the required provision.

3 Financial risk management

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

3.1 Credit Risk

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

The credit risk of customers is assessed at subsidiary and group level, taking into account their financial positions, past experiences and other factors. Individual customer credit limits are imposed based on these factors. Customers are initially brought on board on a cash basis for a period of six months. At the expiration of the six months cash trading period, customers are free to apply for credit.
The group does not believe it is exposed to any material concentrations of credit risk.
All of the group's financial assets are carried at amortised cost. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets in the statement of financial position.

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

COMPANY

31 May 2018 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 bank (Note 11)	12,395,151	-	-	-	12,395,151
Trade receivables (Note 8)	2,730,625	1,727,858	35,680	-	4,494,163
Due from subsidiary (Note 8)	-	-		-	-
Due from related party companies (Note 8)	3,250,482	-	-	-	3,250,482
Export expansion grants receivable (Note 24)	-	-	-	1,643,658	1,643,658
Negotiable duty credit certificates (Note 24)	-	-	-	271,913	271,913
Advances to Distributors (Note 8.3)	-	-	-	-	-
Other receivables (Note 8)	566,227	-	-	-	566,227
Total	18,942,485	1,727,858	35,680	1,915,571	22,621,594

31 May 2017 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 bank (Note 11)	3,982,782	-	-	-	3,982,782
Trade receivables (Note 8)	2,307,168	128,196	300,309	521,275	3,256,948
Due from subsidiary companies (Note 8)	3,556,344	-	-	-	3,556,344
Due from related party companies (Note 8)	5,103,965	-	-	-	5,103,965
Export expansion grants receivable (Note 25)	-	-	-	1,643,658	1,643,658
Negotiable duty credit certificates (Note 25)	-	-	-	271,913	271,913
Advances to Distributors (Note 8.3)	-	-	-	-	-
Other receivables (Note 8)	813,418	-	-	-	813,418
Total	**15,763,677**	**128,196**	**300,309**	**2,436,846**	**18,629,028**

GROUP

31 May 2018 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 bank (Note 11)	14,260,256	-	-	-	14,260,256
Trade receivables (Note 8)	4,790,972	3,192,221	143,780	-	8,126,973
Due from related party companies (Note 8)	4,029,890	-	-	-	4,029,890
Export expansion grants receivable (Note 25)	-	-	-	1,663,117	1,663,117
Negotiable duty credit certificates (Note 25)	-	-	-	297,491	297,491
Advances to Distributors (Note 8.3)	130,639	-	-	-	130,639
Other receivables (Note 8)	829,773	-	-	-	829,773
Total	**24,041,530**	**3,192,221**	**143,780**	**1,960,608**	**29,338,139**

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31 May 2017 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 bank (Note 11)	8,022,391	-	-	-	8,022,391
Trade receivables (Note 8)	5,996,559	-	243,312	339,481	6,579,352
Due from related party companies (Note 8)	5,850,965	-	-	-	5,850,965
Export expansion grants receivable (Note 25)	-	-	-	1,663,117	1,663,117
Negotiable duty credit certificates (Note 25)	-	-	-	297,491	297,491
Advances to Distributors (Note 8.3)	-	-	-	-	-
Other receivables (Note 8)	1,207,611	-	-	-	1,207,611
Total	**21,077,526**	-	**243,312**	**2,300,089**	**23,620,927**

Provision for impairment as disclosed in Note 8 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 Standard & Poor's of counterparties where cash and cash equivalents are held is as follows:

	Company	
Credit rating	2018 N000	2017 N000
B	12,395,151	3,982,782
	12,395,151	**3,982,782**

	Group	
Credit rating	2018 N000	2017 N000
B	14,260,256	8,022,391
	14,260,256	**8,022,391**

B: The obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation."

3.2 Liquidity Risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.
There is a central treasury that coordinates cash flows management and funding activities. Cash surplus to immediate requirements is placed in interest yielding short term deposit accounts in banks with good
credit rating.
The group enjoys favourable 90 days of credit from its suppliers as against 30 days of credit it gives to its customers. Thus, the group is always at an advantage position to meet its obligations because funding is quickly available from credits extended to its customers than the timing it requires to settle its obligations.
Included in the group's trade and other payables as at the 31 May 2018 and 31 May 2017 are balances due to related parties of N31.4 billion and N28.9 billion respectively while that of the company is N28.7 billion and N24.3 billion respectively.

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

COMPANY

31 May 2018 Financial Liabilities	Up to 90 days N'000	91 - 180 days N'000	Total N'000
Trade and other payables-excluding other payable, other taxation and social security (Note 14)	26,386,751	9,561,718	35,948,469
	26,386,751	**9,561,718**	**35,948,469**

31 May 2017 Financial Liabilities	Up to 90 days N'000	91 - 180 days N'000	Total N'000
Trade and other payables-excluding other payable, other taxation and social security (Note 14)	29,465,003	4,355,524	33,820,527
	29,465,003	**4,355,524**	**33,820,527**

GROUP

31 May 2018 Financial Liabilities	Up to 90 days N'000	91 - 180 days N'000	Total N'000
Trade and other payables-excluding other payable, other taxation and social security (Note 14)	33,991,961	5,464,228	39,456,189
	33,991,961	**5,464,228**	**39,456,189**

31 May 2017 Financial Liabilities	Up to 90 days N'000	91 - 180 days N'000	Total N'000
Trade and other payables-excluding other payable, other taxation and social security (Note 14)	34,341,414	4,382,351	38,723,765
	34,341,414	**4,382,351**	**38,723,765**

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

3.4 Foreign Exchange Risk
The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. Subsidiary undertakings must ensure that all transactional exposures arising from commitments in a currency other than their functional currency are identified and monitored. The group manages foreign exchange risk through foreign exchange forward contracts. The group is primarily exposed to the US dollar. A 15% increase/decrease in foreign exchange rate at the reporting dates would have increased/decreased profit or loss and total equity by the following amounts. This analysis is based on foreign currency exchange rate variances that the group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
US dollar - 15% increase	(2,467,473)	(2,044,762)	(1,424,143)	(1,510,465)
US dollar - 15% decrease	**2,467,473**	**2,044,762**	**1,424,143**	**1,510,465**

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

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3.5 Fair Value of Financial Assets and Liabilities

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

3.6 Capital Risk Management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.
Capital requirements are generally imposed by the majority shareholders, PZ Cussons (Holding)

4a. Property, Plant and Equipment

GROUP - 2018

	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 2017	29,048	17,998,277	19,744,453	2,417,282	569,010	4,932,700	45,690,770
Additions	-	-	-	-	-	2,473,228	2,473,228
Transfers	-	1,466,213	3,028,984	801,272	-	(5,296,469)	-
At 31 May 2018	**29,048**	**19,464,490**	**22,773,437**	**3,218,554**	**569,010**	**2,109,459**	**48,163,998**
Depreciation							
At 1 June 2017	7,552	3,123,658	11,653,151	1,831,168	560,976	-	17,176,505
Charge for the year	580	347,858	1,903,750	299,112	5,864	-	2,557,164
At 31 May 2018	**8,132**	**3,471,516**	**13,556,901**	**2,130,280**	**566,840**	**-**	**19,733,669**
Net book value							
At 31 May 2018	**20,916**	**15,992,974**	**9,216,536**	**1,088,274**	**2,170**	**2,109,459**	**28,430,329**

GROUP - 2017

	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 2016	29,048	17,671,124	18,701,418	2,042,601	621,465	2,344,090	41,409,746
Additions	-	-	-	-	-	4,333,479	4,333,479
Transfers	-	327,153	1,043,035	374,681	-	(1,744,869)	-
Disposals	-	-	-	-	(52,455)	-	(52,455)
At 31 May 2017	29,048	17,998,277	19,744,453	2,417,282	569,010	4,932,700	45,690,770
Depreciation							
At 1 June 2016	6,972	2,796,978	9,938,096	1,561,084	601,692	-	14,904,822
Charge for the year	580	326,680	1,715,055	270,084	11,739	-	2,324,138
On disposals	-	-	-	-	(52,455)	-	(52,455)
At 31 May 2017	**7,552**	**3,123,658**	**11,653,151**	**1,831,168**	**560,976**	**-**	**17,176,505**
Net book value							
At 31 May 2017	**21,496**	**14,874,619**	**8,091,302**	**586,114**	**8,034**	**4,932,700**	**28,514,265**

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Depreciation expense of N1.78 billion (2017: N1.76 billion) has been charged in 'cost of sales', N0.39 billion (2017: NG0.24 billion) in 'selling and distribution expenses' and NGN0.39 billion (2017: NGN0.32 billion) in 'administrative expenses'.

Construction work in progress as at 31 May 2018 mainly comprise of building development and construction of a regional distribution centre in Abuja and 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 2018 and 31 May 2017.

There was no asset pledged as security during the year ended 31 May 2018 and 31 may 2017.

COMPANY - 2018

	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 2017	29,048	17,534,099	18,703,342	2,210,574	485,561	4,476,626	43,439,250
Additions	-	-	-	-	-	2,234,818	2,234,818
Transfers	-	1,413,902	2,459,426	784,773	-	(4,658,101)	-
At 31 May 2018	**29,048**	**18,948,001**	**21,162,768**	**2,995,347**	**485,561**	**2,053,343**	**45,674,068**
Depreciation							
At 1 June 2017	7,552	3,099,735	11,151,713	1,636,298	483,450	-	16,378,748
Charge for the year	580	338,226	1,783,817	288,391	2,111	-	2,413,125
At 31 May 2018	**8,132**	**3,437,961**	**12,935,530**	**1,924,689**	**485,561**	**-**	**18,791,873**
Net book value							
At 31 May 2018	**20,916**	**15,510,040**	**8,227,238**	**1,070,658**	-	**2,053,343**	**26,882,195**

COMPANY - 2017

	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 2016	29,048	17,293,653	17,660,307	1,835,895	534,709	2,239,256	39,592,868
Additions	-	-	-	-	-	3,895,530	3,895,530
Transfers	-	240,446	1,043,035	374,679	-	(1,658,160)	-
Disposals	-	-	-	-	(49,148)	-	(49,148)
At 31 May 2017	29,048	17,534,099	18,703,342	2,210,574	485,561	4,476,626	43,439,250
Depreciation							
At 1 June 2016	6,972	2,782,050	9,532,890	1,400,517	530,717	-	14,253,146
Charge for the year	580	317,685	1,618,823	235,781	1,881	-	2,174,750
On disposals	-	-			(49,148)	-	(49,148)
At 31 May 2017	7,552	3,099,735	11,151,713	1,636,298	483,450	-	16,378,748
Net book value							
At 31 May 2017	**21,496**	**14,434,364**	**7,551,629**	**574,276**	**2,111**	**4,476,626**	**27,060,502**

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Property, Plant and Equipment continued

Depreciation expense of NGN1.64 billion (2017: N1.66 billion) has been charged in 'cost of sales', N0.39 billion (2017: N0.23 billion) in 'selling and distribution expenses' and N0.37 billion (2017: N0.28 billion) in 'administrative expenses'. Construction work in progress as at 31 May 2018 mainly comprise of building development and construction of a regional distribution centre in Abuja and 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 2018 and 31 May 2017.

There was no asset pledged as security during the year ended 31 May 2018 and 31 may 2017.

4b. Intangible Asset

	Group		Company	
Cost	2018 N000	2017 N000	2018 N000	2017 N000
Cost at 1 June 2017	1,017,337	-	1,017,337	-
Additions	42,281	1,017,337	42,281	1,017,337
At 31 May 2018	**1,059,618**	**1,017,337**	**1,059,618**	**1,017,337**
Accumulated amortizations				
Charge for the year	(105,962)	-	(105,962)	-
Carrying amount at 31 May 2018	**953,656**	**1,017,337**	**953,656**	**1,017,337**

All intangible assets are non-current. All intangible assets of the Group have finite useful life and are amortised over 10 years in line with its accounting policy. The intangible assets represent cost of Enterprise Resource programme package (SAP) deployed.

5. Investment in Subsidiaries

	Company	
	2018 N000	2017 N000
At 31 May	504,406	504,406
	504,406	**504,406**

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Investment in Subsidiaries continued

	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

HPZ Limited	2018 N000	2017 N000
Current assets	12,971,640	16,098,558
Non -current assets	1,068,212	949,357
Current liabilities	3,822,301	7,362,838
Non -current liabilities	(1,140,661)	(1,376,570)
Equity attributable to owners of the Company	11,358,210	11,061,647
Non -controlling interests	2,947,118	2,583,604
Revenue	22,069,779	23,453,931
Expenses	(21,742,286)	(22,002,965)
Profit for the year	**327,493**	**1,450,966**

	2018 N000	2017 N000
Profit attributable to owners of the Company	245,587	1,088,080
Profit attributable to the non-controlling interests	81,906	362,886
Profit for the year	**327,493**	**1,450,966**
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to the noncontrolling interests	-	-
Other comprehensive income for the year	**-**	**-**
Total comprehensive income attributable to owners of the Company	245,587	1,088,080
Total comprehensive income attributable to the noncontrolling interests	81,906	362,886
Total comprehensive income for the year	**327,493**	**1,450,966**
Dividends paid to non -controlling interests	-	-
Net cash inflow (outflow) from operating activities	(2,090,320)	(4,285,359)
Net cash inflow (outflow) from investing activities	(163,838)	(143,315)
Net cash inflow (outflow) from financing activities	79,653	125,510
Net cash inflow (outflow)	**(2,174,505)**	**(4,303,164)**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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6. Other long-Term Receivables

Non-current other receivable of N24.5m (2017: Nil) represent advances to distributors to aid the development of businesses specifically tied to the marketing and sales of HPZ Limited products. At the year end, the current portion of other receivables amounting to N106.2m (2017: N47.3m) was classified to current asset and included in trade and other receivables of the statement of financial position (Note 8.3)

7. Inventories

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Raw materials	15,551,904	15,502,313	12,237,853	13,776,341
Finished goods and goods for resale	7,574,942	10,721,342	5,406,929	4,795,111
Engineering spares and other stocks	2,912,700	2,486,288	2,729,687	2,370,855
Total	**26,039,546**	**28,709,943**	**20,374,469**	**20,942,307**

During the year ended 31 May 2018, N408.3m (2017: N168.7m) was charged to income statement for obsolete, damaged and missing inventories identified during the monthly stock count exercises. Also recognised as expense in the financial statements are engineering spares used for production of N568.1m (2017: N712.1m).

8. Trade and other Receivables

	Group		Company	
Receivables due within one year:	2018 N000	2017 N000	2018 N000	2017 N000
Trade receivables	9,253,817	7,162,145	5,266,464	3,661,667
Provision for impairment of trade receivables (Note 8.1)	(1,126,844)	(582,793)	(772,301)	(404,719)
Net trade receivables	8,126,973	6,579,352	4,494,163	3,256,948
Due from subsidiary (Note 26)	-	-	-	3,556,344
Due from related party companies (Note 26)	4,029,890	5,850,965	3,250,482	5,103,965
Export expansion grants receivable(Note 25)	1,663,117	1,663,117	1,643,658	1,643,658
Prepayments	-	-	-	-
Negotiable duty credit certificates (Note 25)	297,491	297,491	271,913	271,913
WHT credit note receivable	-	73,663	-	73,663
Advances to Distributors (Note 8.3)	106,156	-	-	-
Other receivables	829,773	1,207,611	566,227	813,418
Total	**15,053,400**	**15,672,199**	**10,226,443**	**14,719,909**

8.1 Provision for impairment of Trade Receivables

	Group		Company	
Provision for impairment of trade receivables are as follows:	2018 N000	2017 N000	2018 N000	2017 N000
At 1 June	(582,793)	(1,488,334)	(404,719)	(917,073)
Provision for impairment (Note 17a)	(158,723)	(170,391)	(147,533)	(264,272)
Reclassification	(385,328)	-	(220,049)	-
Provision for impairment written off directly against gross trade receivable	-	1,075,932	-	776,626
At 31 May	**(1,126,844)**	**(582,793)**	**(772,301)**	(404,719)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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8.2 Trade Receivables Impaired (ageing)

	Group		Company	
The ageing of impaired trade receivables is as follows:	2018 N000	2017 N000	2018 N000	2017 N000
Current to 180 days	128,402	66,408	16,408	8,861
Over 180 days	998,442	516,385	755,393	395,858
Total	**1,126,844**	**582,793**	**771,801**	**404,719**

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

8.3 Advances to Distributors

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Non current portion (Note 6)	24,483	-	-	-
Current portion	106,156	-	-	-
Total	**130,639**	-	-	-

Included in the advances to suppliers and distributors is N24.5m which relates to the non current portion of advances to HPZ Limited distributors with showrooms.

9 Other Assets

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Prepayments	195,271	809,555	149,668	796,897
Advances to suppliers	1,322,244	739,958	1,322,244	739,958
Total	**1,517,515**	**1,549,513**	**1,471,912**	**1,536,855**

10 Deposit for Imports

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Deliverable forwards	1,969,933	4,903,844	1,767,887	2,979,800
Deposit for letters of credit	366,852	1,698,033	-	295,712
Total	**2,336,785**	**6,601,877**	**1,767,887**	**3,275,512**

Deliverable forwards and Deposit for letters of credit represents committed cash no longer available for another purpose other than that for which it has been designated for. They represent naira deposits for foreign currencies purchased for funding of letters of credit and forwards; all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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11 Cash and Cash Equivalents

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Cash and bank	14,260,256	8,022,391	12,395,151	3,982,782
Short-term borrowing	(234,985)	-	(234,985)	-
Cash and cash equivalents	**14,025,271**	**8,022,391**	**12,160,166**	**3,982,782**

The short-term borrowing relates to LC finance facility; interest rate being LIBOR + 600bps.

12 Share Capital

	2018		2017	
	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
Allotted, called up and fully paid: Ordinary shares of 50k each	3,970,477	1,985,238	3,970,477	1,985,238

13 Deferred Taxation

	Group		Company	
The analysis of deferred tax liabilities is as follows:	2018 N000	2017 N000	2018 N000	2017 N000
Deferred tax liability to be recovered after more than 12 months.	2,421,833	2,399,389	3,666,010	3,960,174

	Group		Company	
The movement in deferred tax liability is as follows:	2018 N000	2017 N000	2018 N000	2017 N000
At 1 June	2,399,389	3,694,005	3,960,174	4,108,185
Changes during the year:				
Charged/(credited) to income statement (Note 16)	22,444	(1,294,616)	(294,164)	(148,011)
At 31 May	**2,421,833**	**2,399,389**	**3,666,010**	**3,960,174**

	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 2016	2,750,776	943,229	3,694,005	3,787,360	320,825	4,108,185
(Credited)/charged to income statement	(3,218,853)	1,924,237	(1,294,616)	(931,990)	783,979	(148,011)
At 31 May 2017	**(468,077)**	**2,867,466**	**2,399,389**	**2,855,370**	**1,104,804**	**3,960,174**
(Credited)/charged to income statement	22,444		22,444	(294,164)		(294,164)
At 31 May 2018	**(445,633)**	**2,867,466**	**2,421,833**	**2,561,206**	**1,104,804**	**3,666,010**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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14 Warranty Provisions

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
At 1 June	**271,775**	**327,251**	-	-
Charged to the income statement	84,380	87,560	-	-
Utilised in the year	(168,259)	(143,036)	-	-
At 31 May	**187,896**	**271,775**	-	-
The ageing of the warranty provision is as follows:				
Within 12 months	84,380	87,560	-	-
Greater than 12 months	103,516	184,215	-	-
Total	**187,896**	**271,775**	-	-

The group generally offers 1 - 3 year warranties for its electrical products and components. Directors estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends. Factors that could impact the estimated claim information include the success of the group's product and quality initiatives, as well as spare parts and labour costs.

15 Trade and other Payables

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Trade payables	2,585,052	5,430,658	2,531,533	5,206,762
Other taxation and social security	-	14,224	-	10,631
Unclaimed Dividend	2,120,565	2,318,115	2,120,565	2,318,115
Accruals	3,164,472	1,937,814	2,413,922	1,931,148
Amount owed to subsidiary (Note 26)	-	-	4,867,624	-
Amounts owed to related parties (Note 26)	31,406,909	28,910,756	23,855,218	24,258,241
Gratuity accruals	179,191	126,422	159,607	106,261
Other payables	748,660	985,239	518,568	183,054
Total	**40,204,849**	**39,723,228**	**36,467,037**	**34,014,212**

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying amount of trade and other payables to approximate their fair value.
Included in the amounts reported as accruals relates to customer rebates - N665m(2017: N510m); Duty and clearing - N918m(2017: N408.7m).

16 Taxation

	Group		Company	
Income tax expense:	2018 N000	2017 N000	2018 N000	2017 N000
Company income tax in respect of current year	393,164	2,139,645	392,828	561,086
Education tax in respect of current year	77,425	279,543	77,425	168,458
Reversal of over-provision of prior year tax	(106,644)	-	(69,906)	-
Total current tax	**363,945**	**2,419,188**	**400,347**	**729,544**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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16 Taxation continued

	Group		Company	
Deferred tax:	2018 N000	2017 N000	2018 N000	2017 N000
Current year charge/(credit) to income statement	262,027	-	88,027	-
Prior year adjustment	(239,583)	(1,294,616)	(382,191)	(148,011)
Total deferred tax (Note 13)	22,444	(1,294,616)	(294,164)	(148,011)
Income tax expense	**386,389**	**1,124,572**	**106,183**	**581,533**

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	
	2018 N000	2017 N000	2018 N000	2017 N000
Profit before tax	**2,313,509**	**4,811,169**	**1,736,740**	**2,817,164**
Income tax using the domestic corporation tax rate of 30% (2017:30%)	694,053	1,443,351	521,022	845,149
Tax effects of:				
Non-deductible expenses	95,316	667,265	94,011	426,002
Education tax levy	77,425	279,543	77,425	168,458
Prior year tax adjustments recognised in current year	(346,227)	-	(452,097)	-
Tax incentives	(92,732)	-	(92,732)	-
Tax exempt income	(41,446)	(1,265,587)	(41,446)	(858,077)
Total income tax expense in income statement	**386,389**	**1,124,572**	**106,183**	**581,533**

The current tax charge has been computed at the applicable rate of 30% (31 May 2017: 30%) plus education levy of 2% (31 May 2017: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductable expenses include items such as penalties, fines, 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.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	
	2018 N000	2017 N000	2018 N000	2017 N000
At 1 June	**2,555,256**	**1,289,711**	**988,994**	**325,663**
Tax charge for the year	363,945	2,419,188	400,347	729,544
WHT utilised during the year	(100,725)	-	(69,906)	-
Tax paid during the year	(2,360,658)	(1,153,643)	(861,727)	(66,213)
At 31 May	**457,818**	**2,555,256**	**457,708**	**988,994**

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.

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17a Expense by Nature

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Changes in inventories of finished goods and work in progress	44,469,271	41,465,808	27,807,032	26,975,416
Personnel cost (Note 21.5)	9,127,758	6,550,102	7,493,100	5,098,917
Fuel and gas	2,751,882	2,653,847	2,707,559	2,570,133
Depreciation (Note 4)	2,557,164	2,324,138	2,413,125	2,174,750
Auditors remuneration	45,457	48,864	36,648	36,648
Directors emoluments (Note 21.1)	314,392	276,110	314,392	276,110
Rent and rates	201,834	193,285	161,961	193,285
Insurance	425,184	425,184	426,877	425,184
Freight/carriage cost	3,738,298	2,724,031	2,848,313	1,893,835
Security	394,968	309,986	393,921	309,986
PZ Foundation donation	50,000	50,000	50,000	50,000
Global shared services support	1,562,967	1,609,239	1,562,967	1,609,239
Vehicle repairs and maintenance	206,118	227,131	162,032	187,435
Technical and management fees (Note 23)	3,597,267	3,651,136	3,597,267	3,651,136
Advertising and market promotions	1,101,232	1,125,010	768,370	704,951
Provision for doubtful debt (Note 8.1)	158,723	170,391	147,533	264,272
Operating lease rentals	633,455	531,118	528,843	407,096
General and other expenses	988,757	664,924	1,668,018	1,808,147
	72,324,727	**65,000,304**	**53,087,958**	**48,636,540**

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Cost of sales	56,097,215	50,267,760	39,816,689	36,809,211
Selling and distribution expenses	9,601,809	9,095,909	7,155,730	6,479,803
Administrative expenses	6,625,703	5,636,635	6,115,539	5,347,526
	72,324,727	**65,000,304**	**53,087,958**	**48,636,540**

17b Exchange loss

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Foreign exchange loss	5,391,604	8,797,880	3,121,710	3,423,214

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18a Revenue

	Group		Company	
Components of revenue is as follows:	2018 N000	2017 N000	2018 N000	2017 N000
Sales of goods	80,552,808	78,215,660	58,483,029	54,761,729
Revenue by geographical location of Customers:				
Domestic (within Nigeria)	75,900,589	75,015,742	53,830,810	51,561,811
Export (outside Nigeria)	4,652,219	3,199,918	4,652,219	3,199,918
	80,552,808	**78,215,660**	**58,483,029**	**54,761,729**

The Company facilitate export sales for a related company - Nutricima Ltd which is also domiciled in Nigeria. Proceeds of such export activities are repatriated back to the country in line government policy guidelines. Nutricima export sales amount to N1.1B in 2018(2017: N1.4B).

18b Other Income

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Sales of scraps and sundry items	128,748	193,557	269,320	335,197
Profit on disposal of fixed assets	-	5,044	-	4,887
	128,748	**198,601**	**269,320**	**340,084**

19 Segment analysis

The chief operating decision-maker has been identified as the Executive Board which comprises the five Executive Directors.

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

The Executive Board considers the business from products perspective, with branded consumer goods and durable electrical appliances being the reporting segments. The Executive Board assesses the performance based on operating profit before any exceptional items.

The following is the analysis of the Group's revenue and result from continuing operations by reportable segment.

As at May 2018	Branded consumer goods N'000	Durable electrical appliances N'000	Eliminations N'000	Total N'000
Total gross segment revenue	58,483,029	22,069,779	-	80,552,808
Intersegment revenue	-	-	-	-
Revenue	58,483,029	22,069,779	-	80,552,808
Segment operating profit	5,395,071	2,833,010	-	8,228,081
Depreciation (Note 4)	2,413,125	144,039	-	2,557,164
Interest income	106,085	232,546	(157,974)	180,657

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19 Segment Analysis continued

As at May 2018	Branded consumer goods N'000	Durable electrical appliances N'000	Eliminations N'000	Total N'000
Interest cost	(912,026)	(78,321)	157,974	(832,373)
Profit before taxation	1,736,740	576,769	-	2,313,509
Taxation	106,183	280,206	-	386,389
Profit after taxation	1,630,557	296,563	-	1,927,120
Property plant and equipment	26,882,195	1,548,134	-	28,430,329
Total assets	74,576,119	14,039,852	-	88,615,970

As at May 2017	Branded consumer goods N'000	Durable electrical appliances N'000	Eliminations N'000	Total N'000
Total gross segment revenue	54,761,729	23,453,931	-	78,215,660
Intersegment revenue	-	-	-	-
Revenue	54,761,729	23,453,931	-	78,215,660
Segment operating profit	6,125,189	7,090,167	-	13,215,356
Depreciation (Note 4)	2,174,750	149,388	-	2,324,138
Interest income	191,092	449,488	(155,011)	485,569
Interest cost	(415,987)	(29,501)	155,011	(290,477)
Profit before taxation	2,817,164	1,994,005	-	4,811,169
Taxation	581,533	543,039	-	1,124,572
Profit after taxation	2,235,631	1,450,966	-	3,686,597
Property plant and equipment	27,060,502	1,453,763	-	28,514,265
Total assets	73,039,610	17,047,915	-	90,087,525

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in the current year (2017: Nil).

Entity-wide information

Breakdown of revenue is as follows:	2018 N000	2017 N000
Sales of goods	80,552,808	78,215,660

The group is domiciled in Nigeria. The result of its revenue from external customers in Nigeria is N75.9 billion (2017: N75.0), and the total of revenue from external customers from other countries is N4.6 billion (2017: N3.2billion).

The total of non-current assets located in Nigeria is N29.4 billion (2017: N29.5 billion), and the total of such non-current assets located in other countries is Nil (2017: Nil).

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

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20 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	
	2018 N000	2017 N000	2018 N000	2017 N000
Profit attributable to equity holders of parent company	1,845,214	3,323,711	1,630,557	2,235,631
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)	0.46	0.84	0.41	0.56

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

21 Directors and Employees Emoluments

	Group		Company	
21.1 Chairman and director's emoluments:	2018 N000	2017 N000	2018 N000	2017 N000
Chairman	8,800	1,780	8,800	1,780
Directors	305,592	274,330	305,592	274,330
Total	**314,392**	**276,110**	**314,392**	**276,110**
As fees (As per Non Executive Directors)	7,000	6,500	7,000	6,500
Other emoluments(As per Non Executive Directors)	25,800	1,680	25,800	1,680
Emoluments as per Executive Directors	281,592	267,930	281,592	267,930
Total	314,392	276,110	314,392	276,110

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

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

	Group		Company	
21.2.1 Executive Directors	2018 number	2017 number	2018 number	2017 number
N10,000,000 - N20,000,000	1	1	1	1
N20,000,001 - N30,000,000	1	1	1	1
N30,000,001 - N40,000,000	1	-	1	-
N50,000,001 - N60,000,000	-	1	-	1
N60,000,001 - N70,000,000	-	-	-	-
N70,000,001 - N80,000,000	-	1	-	1
N90,000,001 - N100,000,000	-	1	-	1
N100,000,001 - N125,000,000	2	-	2	-
Directors with salaries and allowances as emoluments	**5**	**5**	**5**	**5**

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	Group		Company	
21.2.2 Non Executive Directors	2018 number	2017 number	2018 number	2017 number
N1,000,000 - N5,000,000	-	6	-	6
N5,000,001 - N10,000,000	5	-	5	-
Directors with fees as emoluments	5	6	5	6
Directors with no emoluments	-	1	-	1
Total	**5**	**7**	**5**	**7**

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
21.3 Highest paid director received	120,471	91,168	120,471	91,168

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

	Group		Company	
	2018 number	2017 number	2018 number	2017 number
N300,001 - N400,000	1	6	-	6
N400,001 - N500,000	27	63	-	8
N500,001 - N600,000	55	142	30	123
N600,001 - N700,000	229	485	173	374
N700,001 - N800,000	365	304	282	218
N800,001 - N900,000	181	101	114	56
N900,001 - N1,000,000	73	52	36	20
N1,000,001 - N1,100,000	37	29	11	15
N1,100,001 - N1,200,000	37	63	33	44
N1,200,001 - N1,300,000	12	30	8	26
N1,300,001 - N1,400,000	3	28	1	20
N1,400,001 - N1,500,000	8	11	3	7
N1,500,001 and above	290	273	232	223
Total	**1,318**	**1,587**	**923**	**1,140**

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

	Group		Company	
	2018 number	2017 number	2018 number	2017 number
Production	714	888	508	648
Sales and distribution	480	550	302	357
Administration	124	149	113	135
Total	**1,318**	**1,587**	**923**	**1,140**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2018

	Group		Company	
The aggregate cost of these employees was:	2018 N000	2017 N000	2018 N000	2017 N000
Wages and salaries	8,212,386	6,132,848	6,722,107	4,777,268
Pension costs - defined contribution plan	516,164	166,599	397,841	104,673
Pension costs - gratuity scheme	399,208	250,655	373,152	216,976
Total	**9,127,758**	**6,550,102**	**7,493,100**	**5,098,917**

22 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.

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

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
Authorised and contracted	690,310	441,493	679,223	419,724
Authorised but not contracted	534,915	2,041,390	478,205	1,114,795
Total	**1,225,225**	2,482,883	1,157,428	1,534,519

22.2Contingencies
Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

Pending litigation and claims
There are legal actions against the company pending in various courts of law. According to the lawyers acting on behalf of the Group, the liabilities arising, if any, are not likely to be significant.
Contingent liabilities
A cumulative amount of N391.4 m (2017: NIL) relating to recharges for group shared services to be paid to the parent Company (PZ Cussons International Limited) has not been recognised in the books of PZ Cussons Nigeria Plc. These will be recognised in the company's books when the necessary regulatory approval is granted by the relevant authorities.

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

In the normal course of business, the company uses letters of credit to import materials. The total value of open letters of credit as at 31 May 2018 was N8.41 billion.

23 Technical service fee

Amount payable for technical service and licencing agreements is based on applicable turnover or 4% of PBT (as applicable). For the year ended 31 May 2018, technical service fee of N3,597,267,400 was recognised in these financial statements. With respect to the year ended 31 May 2017, technical service fee of N3,651,136,000 was recognised in the financial statements. Included in technical service fee charged is 5% Value Added Tax. The agreements were made with the approval of the National Office for Technology Acquisition and promotion (NOTAP). They were renewed in 2016 for a period of three (3) with effect from June 1, 2016.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2018

24 Events after Reporting Date

A final dividend in respect of the year ended 31 May 2018 of 15 kobo per share amounting to a total dividend of N595,571,550 was declared at the board meeting held on 8 August 2018. No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders.
There are no other events after reporting date which would have had any material effect on the statement of financial position as at 31 May 2018 and on the profit for the year then ended.

25 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.

Export rebate receivable is recognised at the rate of 20% on the related export proceeds. The weighted eligibility criteria has 3 bands: 20%, 15% and 10%. Approval of the rebate is subject to meeting threshold of the following eligibility criteria: local value added, local content, employment (Nigerians), priority sector, export growth and capital investment.

The grant is recognised as a credit to cost of sales and as a receivable from the Government (Note 8). The related receivable balances with respect to the EEG scheme are:

	Group		Company	
	2018 N000	2017 N000	2018 N000	2017 N000
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 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 settlement of customs duties. No NDCC (physical certificates) was received during the years ended 31 May 2018 and 31 May 2017.

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

	EEG≤1 year N000	1≥EEG≤ 2 years N000	EEG > 2 years N000	Total N000
Group - 31 May 2018	-	-	1,663,117	1,663,117
Group - 31 May 2017	-	-	1,663,117	1,663,117
Company - 31 May 2018	-	-	1,643,658	1,643,658
Company - 31 May 2017	-	-	1,643,658	1,643,658

Though, a significant component of the NDCC and EEG receivable have been outstanding for more than 1 year, no impairment charge have been made because they are regarded as sovereign debts. Moreover, the Government have not communicated or indicated unwillingness to honour the obligations. Thus, the outstanding balances are classified as current assets accordingly
In March 2017 NEPC issue a circular requesting exporters to submit EEG baseline data and then in December 2017 retrieved all the NDCC in hand. With the revised Export Expansion Grant (EEG) scheme, these NDCC and export incentives would be settled via the issuance of promissory notes with tenor of between 5 - 7 years to beneficiaries. In view of these government policy measures, the directors believe that government has shown interest in revitalising the EEG scheme thus, a further boost to the recoverability of both the EEG and unutilised NDCC.

The unutilised NDCC is an instrument with no specific expiry date hence, the recoverability of the instrument is not in doubt.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2018

26 Related party transactions

26.1 Group and Company
The group and company are controlled by PZ Cussons (Holdings) Limited, incorporated in the UK, which owns 73.27% (2017: 73.27%) of the group and company's shares. The remaining 26.73% (2017: 26.73%) 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 2018 (31 May 2017: Nil) and no charges to the income statement in respect of doubtful related party receivables for the years then ended.

The company controls HPZ Ltd in which it has controlling interest. These are detailed in note 5.

26.2 Transactions with Related Parties

Purchases of goods and services	Group		Company	
Purchases of goods from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (ultimate parent company)**:	2018 N000	2017 N000	2018 N000	2017 N000
- PZ Cussons International Limited	-	7,640,312	-	6,699,859
- Seven Scent Limited	5,957,647	2,243,327	5,957,647	2,243,327
- PZ Cussons Singapore Private Limited	33,583,333	23,644,656	18,514,460	12,036,957
	39,540,980	**33,528,295**	**24,472,107**	**20,980,142**
Purchases of services from joint ventures and subsidiaries				
of PZ Cussons (Holdings) Limited (ultimate parent company)**:				
- Royalties - PZ Cussons International Limited	626,856	611,571	626,856	611,571
- Technical fees - PZ Cussons International Limited	2,600,982	2,594,099	2,600,982	2,594,099
- Trade Mark - PZ Cussons International Limited	298,503	291,224	298,503	291,224
- Management fees - PZ Cussons International Limited	70,926	154,242	70,926	154,242
	3,597,267	**3,651,136**	**3,597,267**	**3,651,136**
Recharge of services from PZ Cussons (Holdings) Limited				
(ultimate parent company)				
- Global shared services support	1,562,967	1,609,239	1,562,967	1,609,239
Total	**44,701,214**	**38,788,670**	**29,632,341**	**26,240,517**
Sales of goods				
- PZ Cussons Ghana Ltd	2,019,654	1,619,216	2,019,654	1,619,216
- PZ Cussons East Africa Ltd, Kenya	-	20,394	-	20,394
	2,019,654	**1,639,610**	**2,019,654**	**1,639,610**
Recharge of service cost recovery- Distribution fees				
- HPZ Limited (Subsidiary)	-	-	1,728,471	1,833,613
- Harefield Industrial Nigeria	543,315	554,312	543,315	554,312
- Nutricima Ltd	1,501,697	725,143	1,501,697	725,143
- PZ Coolworld Ltd	62,017	62,604	62,017	62,604
- PZ Wilmar Ltd	-	-	-	-
- PZ Wilmar Food Ltd	11,494	23,990	11,494	23,990
Sub Total - (A)	**2,118,523**	**1,366,049**	**3,846,994**	**3,199,662**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2018

26.2 Transactions with Related Parties continued

	Group		Company	
Recharge of local shared services by PZ Cussons Nigeria Plc	2018 N000	2017 N000	2018 N000	2017 N000
- HPZ Limited (Subsidiary)	-	-	1,232,478	1,176,491
- Harefield Industrial Nigeria	44,221	38,804	44,221	38,804
- Nutricima Ltd	387,408	334,475	387,408	334,475
- PZ Coolworld Ltd	1,070,778	504,401	1,070,778	504,401
- PZ Wilmar Ltd	-	-	-	-
- PZ Wilmar Food Ltd	8,196	7,401	8,196	7,401
Sub Total - (B)	**1,510,603**	**885,081**	**2,743,081**	**2,061,572**
Net Recharge/Recovery of service cost(A-B)	**607,920**	**480,968**	**1,103,913**	**1,138,090**
Total	**2,627,574**	**2,120,578**	**3,123,567**	**2,777,700**

Key Management Personnel 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 personnel management during the year.

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

Due to:	Group		Company	
- Subsidiaries of PZ Cussons Nigeria Plc	2018 N000	2017 N000	2018 N000	2017 N000
- HPZ	-	-	4,867,624	
Sub Total			4,867,624	
- Joint ventures and subsidiaries of PZ Cussons				
(Holdings) Limited UK **				
- PZ Cussons International Limited	13,016,635	8,057,573	11,899,017	6,865,650
- Seven Scent Limited	3,938,183	3,815,818	3,938,183	3,815,818
- PZ Cussons Singapore Private Limited	9,658,809	8,650,432	3,285,470	5,237,414
- PZ Cussons (Holdings) Ltd	1,385,175	3,085,758	1,379,295	3,085,758
- PZ Cussons Indonesia	17,251	82,560	17,251	82,560
- PZ Cussons (Thailand) Ltd	4,112	19,679	4,112	19,679
- PZ Cussons India Private Ltd	6,155	369	6,155	369
- Minerva SA Ltd, Greece	4,269	12,483	113	12,483
- PZ Cussons Ghana Ltd	50,698	45,540	-	-
- PZ Cussons East Africa Ltd	-	2,034	-	-
- Nutricima Ltd	1,580,568	5,138,510	1,580,568	5,138,510
- Harefield Industrial Nigeria Ltd	1,745,054	-	1,745,054	-
Sub Total	31,406,909	28,910,756	23,855,218	24,258,241
Total	**31,406,909**	**28,910,756**	**28,722,842**	**24,258,241**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2018

26.2 Transactions with Related Parties continued

Due from:	Group 2018 N000	Group 2017 N000	Company 2018 N000	Company 2017 N000
- Subsidiaries of PZ Cussons Nigeria PLC				
- HPZ Ltd	-	-	-	3,556,344
Sub Total	-	-	-	3,556,344
- Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK **				
- PZ Cussons International Limited				
- Seven Scent Limited				
- PZ Cussons Singapore Private Limited	63,349	-	63,349	-
- PZ Cussons Ghana Ltd	1,011,491	1,674,995	1,011,492	1,674,995
- PZ Cussons East Africa Ltd, Kenya	24,132	18,898	24,132	18,898
- PZ Cussons MESA, Dubai	-	59,716	-	59,716
- Nutricima Ltd	1,048,871	700,000	324,616	245,324
- Harefield Industrial Nigeria	41,024	61,000	-	31,000
- PZ Coolworld Nig Ltd	1,354,067	1,871,735	1,339,937	1,854,735
- PZ Wilmar Ltd	486,956	1,464,621	486,956	1,219,297
Sub Total	**4,029,890**	**5,850,965**	**3,250,482**	**5,103,965**
Total	**4,029,890**	**5,850,965**	**3,250,482**	**8,660,309**

Balances arising from sales/purchases of goods and services are revolving balances settled within thirty days after the end of the month.
** Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK
"The entities categorized as Joint Ventures and subsidiaries of PZ Cussons (Holding) Limited UK are:
Local entities: Nutricima Ltd, Harefield Industrial Nigeria Ltd, PZ Coolworld Nigeria Ltd, PZ Wilmar Ltd and PZ Wilmar Food Ltd
Foreign entities: PZ Cussons International Ltd, PZ Cussons Singapore Private Limited, PZ Cussons (Thailand) Ltd, PZ Cussons Ghana Ltd, PZ Cussons East Africa Ltd, PZ Cussons Mesa, PZ Cussons Indonesia , PZ Cussons India Private Ltd and Seven Scent Ltd"

27 Interest on Advances from Related Entities and Short-term Borrowings from Banks

During the year, the Group and company obtained and gave short-term advances at 15% p.a. from and to related parties. The advances have been fully liquidated at 2018 and 2017 year end and they are not included in the closing balances of the amount due to and the amount due from related parties by the company and the group. Also, the advances were drawn down or disbursed in various amounts and they did not run throughout the twelve months duration of the financial year ended 31 May 2018 and 31 May 2017.

The Group and company incurred interest cost of N832.4 million(2017: N290.5 million) and N912 million (2017:N415.9 million) as well as earned N180.7 million(2017: N485.6 million) and N106.1 million (2017: N191.1 million) respectively on short-term advances to related parties. All inter-company interest have been eliminated on consolidation. The uneliminated interest income and interest expense on consolidation relates to interest earned and interest paid on transactions with other related parties (i.e. Nutricima Limited, Harefield Industrial Nigeria Limited, PZ Coolwold Limited, PZ Wilmar Limited and PZ Wilmar Food Limited) outside of the PZ Cussons Nigeria Plc group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2018

Interest on Advances from Related Entities and Short-term Borrowings from Banks continued

	Group 2018 N000	Group 2017 N000	Company 2018 N000	Company 2017 N000
Interest paid to related companies:				
-HPZ Ltd	-	-	(157,974)	(155,011)
-Nutricima Ltd	(264,467)	(149,528)	(264,467)	(149,528)
-Harefield Industrial Nigeria	(122,510)	-	(122,510)	-
-PZ Coolworld Ltd	(1,263)	-	-	-
	(388,240)	(149,528)	(544,951)	(304,539)
Net interest paid to third parties/banks	(444,133)	(140,949)	(367,075)	(111,448)
Total Interest cost	(832,373)	(290,477)	(912,026)	(415,987)
Interest earned from related companies:				
-PZ Coolworld Ltd	17,193	48,404	17,193	1,916
-Nutricima	60,242	19,739	-	-
-Harefield Industrial Nigeria	247	32,460	-	21,686
-PZ Wilmar Ltd	88,892	384,966	88,892	167,490
	166,574	485,569	106,085	191,092
Net interest earned from third parties/Banks	14,083	-	-	-
Total Interest income	180,657	485,569	106,085	191,092
Net finance income/(cost)	(651,716)	195,092	(805,941)	(224,895)

28 Dividends

Amounts recognised as dividends to ordinary shareholders in the year:
Final dividend for the year ended 31 May 2017 of 50 kobo (31 May 2016: 50 kobo) per ordinary share of 50 kobo
Final dividend for the year ended 31 May 2017 was paid during the year ended 31 May 2018 while final dividend for the year ended 31 May 2016 was paid during the year ended 31 May 2017. This is consistent with the group's policy of recognising dividend as a liability in the period it is approved by the shareholders. As disclosed in Note 24, final dividend in respect of the year ended 31 May 2018 of 15 kobo per share amounting to a total dividend of N595,571,550 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 the earning of the year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2018

29 Restatement of Revenue and Cost of Sales

	Group			Company		
	2017 Published N000	Adjustments N000	2017 Restated N000	2017 Published N000	Adjustments N000	2017 Restated N000
Revenue	79,630,111	(1,414,451)	78,215,660	79,630,111	(24,868,382)	54,761,729
Cost of sales	(51,682,211)	1,414,451	(50,267,760)	(61,677,593)	24,868,382	(36,809,211)
Gross profit	27,947,900	-	27,947,900	17,952,518	-	17,952,518
Selling and distribution costs	(9,095,909)	-	(9,095,909)	(6,479,803)	-	(6,479,803)
Administrative expenses	(5,636,635)	-	(5,636,635)	(5,347,526)	-	(5,347,526)
	(14,732,544)	-	**(14,732,544)**	**(11,827,329)**	-	**(11,827,329)**
Operating profit	**13,215,356**	-	**13,215,356**	**6,125,189**	-	**6,125,189**
Exchange loss	**(8,797,880)**	-	**(8,797,880)**	**(3,423,214)**	-	**(3,423,214)**
Other income	**198,601**	-	**198,601**	**340,084**	-	**340,084**
Interest income	485,569	-	485,569	191,092	-	191,092
Interest cost	(290,477)	-	(290,477)	(415,987)	-	(415,987)
Net finance income/(cost)	**195,092**	-	**195,092**	**(224,895)**	-	**(224,895)**
Profit before taxation	**4,811,169**	-	**4,811,169**	**2,817,164**	-	**2,817,164**
Taxation	(1,124,572)	-	(1,124,572)	(581,533)	-	(581,533)
Profit for the year	**3,686,597**		**3,686,597**	2,235,631	-	2,235,631

In order to enhance presentation of its financials, the Company has determined that a correction was required,PZ Cussons Nigeria Plc made sales on behalf of HPZ Limited and this was incorrectly recognized in PZ Cussons Nigeria Plc's separate financial statement i.e. as if they were acting as a principal. The sales was recognised in revenue and same amount was recorded in cost of sales in the separate financial statements of PZ Cussons Nigeria Plc.

In addition, PZ cussons Nigeria Plc (PZCN) acts an agent for Nutricima Limited's export sales and the transaction carried out in 2017 were incorrectly accounted for as PZCN's sales, consequently leading to an overstatement of both the Group and the Company's revenue and cost of sales by the same amount.

There is however no impact on the profit before tax (PBT) and profit after tax (PAT). The financial statement lines affected are revenue and cost of sales. The impact of these correction (shown above) are as follows:

(a) Group adjustments - Exclusion of Nutricima Limited's export sales (N1,414,451,000) made through PZ Cussons Nigeria Plc. The group made sales on behalf of Nutricima Limited which was incorrectly accounted for as part of the group and company's revenue and cost of sales in 2017. It should be noted that Nutricima Limited is a related company; it is a wholly subsidiary of PZ Cussons (Holdings) Limited, UK and is not considered a subsidiary under PZ Cussons Nigeria Plc group.

(b) Company adjustments - (i) Exclusion of Nutricima Limited's export sales to the tune of N1,414,451,000. PZ Cussons Nigeria Plc made sales on behalf of Nutricima Limited and this was incorrectly accounted for in revenue and cost of sales of the company's separate financial statements. Nutricima Limited is a related company; and (ii) Exclusion of HPZ Limited's Revenue of N23,453,931,000. HPZ Ltd is a subsidiary of PZ Cussons Nigeria Plc and it's sales are made through the company. The sales of N23, 453, 931, 000 was incorrectly recognized in the revenue and the cost of sales line of the company's separate financial statements.

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

YEAR ENDED 31 MAY 2018

	Group				Company			
	2018 N000	%	2017 N000	%	2018 N000	%	2017 N000	%
Revenue	80,552,808	-	78,215,660	-	58,483,029	-	54,761,729	-
Other income	128,748		198,601		269,320		340,084	
Interest income	180,657		485,569		106,085		191,092	
Brought-in-materials and services:								
- Imported	(49,183,379)		(49,693,662)		(35,027,355)		(35,229,346)	
- Local	(16,848,030)		(15,230,282)		(11,277,088)		(9,556,741)	
VALUE ADDED	14,830,804	100	13,975,886	100	12,553,991	100	10,506,818	100
APPLIED AS FOLLOWS:								
To pay employees:	9,127,758	62	6,550,102	47	7,493,100	60	5,098,917	48
- Salaries, wages and other benefits								
To pay government:	363,945	2	2,419,188	17	400,347	3	729,544	7
- Income and education taxes								
To pay providers of capital:								
- Interest cost	832,373	6	290,477	2	912,026	7	415,987	4
Retained for replacement of assets and business growth:								
- Deferred taxation	22,444	-	(1,294,616)	(9)	(295,164)	(2)	(148,011)	(1)
- Depreciation	2,557,164	17	2,324,138	17	2,413,125	19	2,174,750	21
- Non controlling interest	81,906	1	362,886	2	-	-	-	_
- Profit attributable to equity holders of parent company	1,845,214	12	3,323,711	24	1,630,557	13	2,235,631	21
	14,830,804	**100**	**13,975,886**	**100**	**12,553,991**	**100**	**10,506,818**	**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.

OTHER NATIONAL DISCLOSURES
FIVE YEAR FINANCIAL SUMMARY -GROUP
YEAR ENDED 31 MAY 2018

	2018 N000	2017 N000	2016 N000	2015 N000	2014 N000
Non-current assets	29,408,468	29,531,602	26,504,924	25,217,847	24,485,136
Current assets	59,207,502	60,555,923	47,925,250	42,170,067	46,480,599
Total assets	88,615,970	90,087,525	74,430,174	67,387,914	70,965,735
Equity attributable to equity holders of parent	42,161,471	42,272,665	40,900,644	41,436,794	40,574,761
Non-controlling interest	2,947,118	2,865,212	2,502,326	2,235,650	1,963,821
Non-current liabilities	2,525,349	2,583,604	3,931,549	4,152,489	4,475,105
Current liabilities	40,982,032	42,366,044	27,095,655	19,562,981	23,952,048
Total equity and liabilities	88,615,970	90,087,525	74,430,174	67,387,914	70,965,735

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Turnover	80,552,808	78,215,660	69,527,537	73,126,070	72,905,679
Profit before taxation	2,313,509	4,811,169	3,148,196	6,556,814	6,949,985
Profit after taxation (attributable to owners of the company)	1,845,214	3,323,711	1,863,013	4,053,284	4,591,399
Per 50K Share					
Earnings per share (Naira)	0.46	0.84	0.47	1.02	1.16

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

OTHER NATIONAL DISCLOSURES
FIVE YEAR FINANCIAL SUMMARY -COMPANY
YEAR ENDED 31 MAY 2018

	2018 N000	2017 N000	2016 N000	2015 N000	2014 N000
Non-current assets	28,340,257	28,582,245	25,844,128	19,766,079	19,039,654
Current assets	46,235,862	44,457,364	32,435,474	28,340,582	32,654,512
Total assets	74,576,119	73,039,610	58,279,602	48,106,661	51,694,166
Equity attributable to equity holders of parent	33,750,379	34,076,230	33,792,289	26,584,929	27,607,313
Non-controlling interest	-	-	-	-	-
Non-current liabilities	3,666,010	3,960,174	4,108,185	3,757,845	3,374,580
Current liabilities	37,159,730	35,003,206	20,379,128	17,763,887	20,712,273
Total equity and liabilities	74,576,119	73,039,610	58,279,602	48,106,661	51,694,166

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Turnover	58,483,029	54,761,729	45,097,194	45,997,411	46,764,697
Profit before taxation	1,736,740	2,817,164	776,880	3,147,400	4,975,262
Profit after taxation (attributable to owners of the company)	1,630,557	2,235,631	389,999	2,168,867	3,990,464
Per 50K Share					
Earnings per share (Naira)	0.41	0.56	0.10	0.55	1.01

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.

Shareholders' Information

Share Certificate Issud 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		
24 November 1994	Bonus of 1 for 4	2005	39
23 November 1995	Bonus of 1 for 4	2006	40
19 February 1997	Bonus of 1 for 4	2007	41
4 September 2000	Rights issue for cash	2008	42
25 November 2002	Bonus of 1 for 5	2009	43
18 November 2004	Bonus of 1 for 4	2010	44
28 March 2006	Rights issue for cash	2011	45
20 September 2007	Bonus of 1 for 4	2012	46
15 September 2011	Bonus of 1 for 4	2013	47
		2014	48
		2015	49
		2016	50
		2017	51

Forfeiture of unclaimed dividend

By section 385 of the Companies and Allied Matters Act, dividends are special debt due to and recoverable by shareholders within 12 years. Dividend declared up to 31 May 2004 and payable from 2005 (dividend number 39) which remained unclaimed will therefore cease to be recoverable by this year (2017/2018). This unclaimed dividend will be credited to the general reserves in 2018/2019. The dividend payment and value of unclaimed dividend in this category are as follows:

Dividend Number	Value (N)
Dividend number 39	100, 481, 793

Share Capital History

For the Year Ended 31 May 2018

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

The following changes have since taken place in the Company's authorised capital:

On 27 April 1951 by	£60,000 to	£100,000 in shares of £1
On January 1968 by	£150,000 to	£250,000 in shares of £1
On 14 May 1970 by	£350,000 to	£600,000 in shares of £1
On 09 February by	£400,000 to	£1,000,000 in shares of £1

On 19 July 1972, the shares of £1 each were subdivided into 4 shares of 5/- each. At that date, the capital of the Company was £1,000,000 in 4,000,000 ordinary shares of 5/- each

On 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

70th Annual General Meeting

18 October, 2018

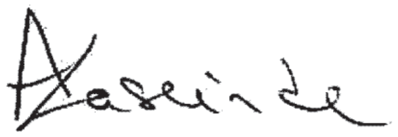
Shareholders' Admission Form

Please Admit Shareholder ____

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

To represent him/her at the 70th ANNUAL GENERAL MEETING of this Company to be held at 11.00 a.m. on Thursday, 18 October, 2018 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.



Abiola Laseinde FCIS

Company Secretary/Head of Corporate Services for Africa

FRC/2016/NBA/00000015857

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 Nigeria PLC.

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

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

Shareholder account information

Surname (in block letters)

First name

Other names

Address

City

State

Country

Postal code

Mobile telephone

E-Mail 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 & Investor
Services Limited
Plot 2, Abebe Village Road
Iganmu
P.M.B. 12692 Lagos
Nigeria

PZ Cussons

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 70th AnnualGeneral Meeting of the Company to be held at 11.00 a.m. on Thursday, 18 October 2018 and of any adjournment thereof.

	Resolution **	For	Against	Abstain
1	To receive the Annual Report and Accounts			
2	To declare a dividend			
3	a) To re-elect Chief Kolawole B. Jamodu, FCA CFR as Director b) To elect Mr Pedro Baretto as Director c) To elect Mr George Sotiropoulos as Director			
4	To elect members of the Audit Committee			
5	To approve the remuneration of the Directors			
6	To authorize the Company to procure goods and services necessary for its operations from related companies in compliance with the NSE Rules Governing Transactions with Related Parties or Interested Persons			

** Please indicate with an 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain at his/her discretion.

As witness my/our hands(s) this __________ day of ____________________ 2018

Signed: ____

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

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

E-Dividend mandate form

Only clearing Banks are acceptable.

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

The Registrar
First Registrars & Investor
Services 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 (in block letters)

First name | Other names

Address

Country | State

Mobile telephone number | Email address

Signature

Joint/Company signature | Company seal

Sort code (very important)

Authorised signature and stamp of banker

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

PZ Cussons Nigeria PLC Annual Report and Accounts 2018

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PZ Cussons Nigeria PLC
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P.M.B. 21132
Ikeja

www.pzcussons.com.ng

If you have finished reading this report and no longer wish to retain it, please pass it on to other interested readers or recycle it. Thank you

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