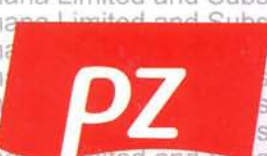


2003 Annual Report



Cussons

PZ CUSSONS GHANA LIMITED AND SUBSIDIARY

Cleaner Fresher Brighter

ELEPHANT

Extra



Extra Stain
Removal System



Removal System

Annual Report

And Financial Statements

31st May, 2003

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Board of Directors, Officials and Registered Office

Directors:

Paul Michael Boyce (Chairman and Managing Director)
Felix Stephen Quachey
Philip William Davies
Kwabena Pepera
Panagiotis Giouras

Secretary:

Accra Nominees Limited
Mobil House
Liberia Road
P. O. Box 242
Accra

Registered office:

15 Kwame Nkrumah Avenue
P. O. Box 62
Accra
Ghana

Auditors:

Deloitte & Touche
Chartered Accountants
4 Liberation Road
P. O. Box 453
Accra

Solicitors:

Kudjawu & Co.
Texaco House
Derby Avenue
P. O. Box 294
Accra

Bankers:

Barclays Bank of Ghana Limited
Ecobank Ghana Limited
Ghana Commercial Bank Limited
Stanbic Bank Ghana Limited
Standard Chartered Bank (Ghana) Limited

Registrars:

Merchant Bank (Ghana) Limited
57 Examination Loop
North Ridge
P. O. Box 401
Accra.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of PZ Cussons Ghana Limited, will be held at the Ghana National Association of Teachers (GNAT) Hall, Accra on Friday, November 28, 2003 at 3:00 pm to transact the following business of the Company.

AGENDA

1. To receive and consider the audited financial statement for the year ended 31st May, 2003 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend
3. To re-elect Directors
4. To fix Directors' fees
5. To authorize the Directors to negotiate and determine the remuneration of the Auditors for the ensuing year.

By Order of the Board
Accra Nominees Limited
Secretaries

Accra, September 15, 2003

Note: A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him and such proxy need not be a member of the Company. A proxy form is attached. Executed forms of proxy should be deposited at the office of the Registrars, Merchant Bank (Ghana) Limited, 57 Examination Loop, North Ridge, P.O. Box 401. Accra not less than 48 hours prior to the time of the meeting.

Group Financial Highlights

| | 2003 ¢'000 | 2002 ¢'000 | % change |
|----------------------------------|---------------|---------------|----------|
| Turnover | 149,596,577 | 99,974,625 | 50 |
| Operating profit | 21,003,165 | 16,989,327 | 24 |
| Profit before taxation | 22,005,896 | 19,039,056 | 16 |
| Profit after taxation | 14,916,975 | 12,356,244 | 21 |
| Operating cashflow | 17,233,702 | 7,340,542 | 135 |
| Shareholders' funds | 69,889,366 | 56,792,391 | 23 |
| Capital expenditure | 4,820,839 | 3,249,343 | 48 |
| Earnings per ordinary share (¢) | 532.75 | 441.29 | 21 |
| Dividends per ordinary share (¢) | 65.00 | 57.75 | 13 |
| Net assets per share (¢) | 2,496.05 | 2,028.30 | 23 |
| PBT Margin (%) | 14.71 | 19.04 | (21) |
| PAT Margin (%) | 9.97 | 12.36 | (17) |

Operating and Financial Review

Derivatives and other financial instruments

The Group's financial instruments, other than derivatives, comprise significant amount of cash and liquid resources, associated company loans, various items, such as trade debtors, trade creditors, associated company current accounts etc, that arise directly from its operations.

No derivative transactions were entered into by the Group.

Interest rate risk

The Group now finances its operations by retained earnings and other instruments arising from its own operations. The associated company loans do not attract interest and therefore the Group was not exposed to interest rate risk.

Foreign currency risk

The Group has no overseas subsidiaries and export sales were not significant. Foreign currency exposure is not an issue.

Directors' Report

The Directors have the pleasure in submitting to the members of the Company their report together with the audited financial statements for the year ended 31 May, 2003.

The Group

The Group comprises a parent company and one wholly - owned subsidiary, both incorporated in Ghana:

| Name | Status | Nature of Business |
|---------------------------------------|--------------------|---|
| PZ Cussons Ghana Limited | Holding Company | Management of estates |
| PZ Cussons Industries (Ghana) Limited | Subsidiary Company | Manufacturing, distribution and sale of soaps, cosmetics and pharmaceuticals. |

Parent company

The Holding Company is a subsidiary of PZ Cussons Plc, a Company incorporated in the United Kingdom.

Principal activities

The Group is engaged in business to manufacture as well as purchase, distribute and sell soaps, cosmetics, and pharmaceutical products for export and local consumption.

There was no change in the nature of the Group's business during the year under review.

Group results

The profit for the year ended 31 May 2003 after taxation was ¢14.9 billion against a profit after tax of ¢12.4 billion in 2002.

Dividends

The Directors recommend a dividend of ¢65.00 (2002: ¢57.75) per share for the year under consideration, amounting to ¢1.82 billion.

Directors' Report

Directors and Their Interests

The present membership of the Board is set out below. All directors served throughout the year. The directors' interests in the ordinary shares of the Company at 31 May 2003 were:

| | 2003 | 2002 |
|---|--------|-------|
| P.M. Boyce (Chairman and Managing Director) | - | - |
| F.S. Quachey | 5,100 | 5,100 |
| P.W. Davies | - | - |
| Kwabena Pepera | 19,195 | - |
| Panagiotis Giouras | - | - |

In accordance with the regulations of the Company, Messrs Felix Stephen Quachey and Philip William Davies will retire at the Annual General Meeting and being eligible, offer themselves for re-election.

Messrs P.M. Boyce, Panagiotis Giouras and Kwabena Pepera resigned as Directors with effect from 31st July, 2003, and have been replaced by Messrs Panagiotis Mouchteros, Constantin Nicoloulis and Paul Kwabena Pepera.

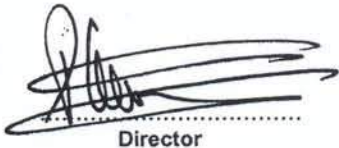
Directors' Interest

The Directors have no material interest in contracts entered into by the Company.

Auditors

In accordance with Section 134 (5) of the Companies Code, the Auditors, Messrs. Deloitte & Touche, continue in office as Auditors of the Company.

On behalf of the Board of Directors



Director

14 August, 2003



Director

Statement of Directors' Responsibilities

The directors are responsible of preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period. In preparing those financial statements, the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent

State whether applicable accounting standards have been followed

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with Ghana Accounting Standards. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the group, and to prevent and detect fraud and other irregularities.

The above statement, should be read in conjunction with the statement of the auditors' responsibilities on page 9.

Auditors' Report to the Members of PZ Cussons Ghana Limited

We have audited the accounts of PZ Cussons Ghana Limited for the year ended 31 May 2003, which comprises the profit and loss account, the balance sheet, the cash flow statement, and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

As described in the statement of director's responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable Ghanaian law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant Ghanaian legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the companies Code 1963. We also report if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

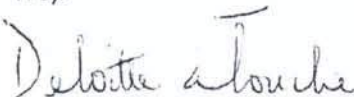
Basis of opinion

We conducted our audit in accordance with Ghanaian auditing standards issued by the Ghana Accounting Standards Committee of the Institute of Chartered Accountants (Ghana). An audit includes examinations, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2003 and of its profit for the year then ended and have been properly prepared in accordance with the the Company's Code 1963 (Act 179).



Chartered Accountants

4 Liberation Road

Accra

14 August 2003

**Consolidated Profit and Loss Account
For the Year Ended 31 May, 2003**

| | Note | Group | | Company | |
|--|------|-------------------|-------------------|------------------|-------------------|
| | | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Turnover | | 149,596,577 | 99,974,625 | 2,522,975 | 98,825,639 |
| Cost of Sales | | (105,548,568) | (60,222,373) | (2,516,626) | (84,145,126) |
| Gross Profit | | 44,048,009 | 39,752,252 | 6,349 | 14,680,513 |
| Other Income | 2 | 2,134,443 | 678,986 | 1,968,834 | 592,631 |
| | | 46,182,452 | 40,431,238 | 1,975,183 | 15,273,144 |
| General, administrative and selling expenses | | (25,179,287) | (23,441,911) | (376,202) | (13,470,378) |
| Operating profit | | 21,003,165 | 16,989,327 | 1,598,981 | 1,802,766 |
| Net interest receivable and similar income | | 1,002,731 | 2,049,729 | - | 204,230 |
| Profit before tax | 3 | 22,005,896 | 19,039,056 | 1,598,981 | 2,006,996 |
| Taxation and levies | 4 | (7,088,921) | (6,682,812) | (741,206) | (663,410) |
| Profit after taxation transferred to Income Surplus Account | | 14,916,975 | 12,356,244 | 857,775 | 1,343,586 |

| INCOME SURPLUS ACCOUNT | | | | | |
|--|------|-------------------|-------------------|------------------|------------------|
| For the year ended 31 May 2003 | | | | | |
| | Note | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| At 1 June | | 29,959,509 | 18,846,288 | 3,791,236 | 3,841,383 |
| Transferred from Profit/Loss account | | 14,916,975 | 12,356,244 | 857,775 | 1,343,586 |
| | | 44,876,484 | 31,202,532 | 4,649,011 | 5,184,969 |
| Adjustments on discontinued business | 11 | - | 373,977 | - | 223,267 |
| Dividend proposed: ¢65.00 per share(2002 ¢57.75) | | (1,820,000) | (1,617,000) | (1,820,000) | (1,617,000) |
| At 31 May | | 43,056,484 | 29,959,509 | 2,829,011 | 3,791,236 |

Consolidated Balance Sheet As at 31 May, 2003

| | Note | Group | | Company | |
|--|------|--------------------|--------------------|-------------------|-------------------|
| | | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Fixed Assets | | | | | |
| Tangible fixed assets | 6 | 31,479,373 | 29,837,413 | 6,960,230 | 8,279,593 |
| Investments | 7 | 19 | 19 | 855 | 855 |
| | | 31,479,392 | 29,837,432 | 6,961,085 | 8,280,448 |
| Current Assets | | | | | |
| Stocks | 8 | 47,521,383 | 41,767,157 | - | 2,516,626 |
| Debtors | 9 | 15,624,940 | 5,806,913 | 17,365,761 | 4,124,710 |
| Cash in transit | | 1,019,635 | 2,148,782 | - | - |
| Cash and Bank | | 18,799,782 | 11,420,256 | 215,337 | 11,396,859 |
| | | 82,965,740 | 61,143,108 | 17,581,098 | 18,038,195 |
| Current liabilities | | | | | |
| Creditors | 10 | 33,299,345 | 22,915,780 | 176,238 | 1,350,955 |
| Dividends payable | 11 | 1,820,000 | 1,617,000 | 1,820,000 | 1,617,000 |
| Taxation | 4 | 4,749,189 | 5,617,200 | 335,765 | 669,007 |
| | | 39,868,534 | 30,149,980 | 2,332,003 | 3,636,962 |
| Net current assets | | 43,097,206 | 30,993,128 | 15,249,095 | 14,401,233 |
| Total assets less current liabilities | | 74,576,598 | 60,830,560 | 22,210,180 | 22,681,681 |
| Provision for liabilities and charges | 12 | (4,687,232) | (4,038,169) | (704,111) | (213,387) |
| Net assets | | 69,889,366 | 56,792,391 | 21,506,069 | 22,468,294 |
| Capital and Surplus | | | | | |
| Stated Capital | 13 | 11,600,000 | 11,600,000 | 11,600,000 | 11,600,000 |
| Capital Surplus | 6 | 15,232,882 | 15,232,882 | 7,077,058 | 7,077,058 |
| Income Surplus | | 43,056,484 | 29,959,509 | 2,829,011 | 3,791,236 |
| Shareholders' Funds | | 69,889,366 | 56,792,391 | 21,506,069 | 22,468,294 |

Approved by the Board of Directors



Director

14 August, 2003



Director

**Consolidated Cash Flow Statement
For the Year Ended 31 May,2003**

| | Note | Group 2003 ¢'000 | 2002 ¢'000 | Company 2003 ¢'000 | 2002 ¢'000 |
|---|------|------------------------|--------------------|--------------------------|--------------------|
| Net Cash inflow from Operating Activities | 20 | 17,233,702 | 7,340,542 | (11,483,921) | (715,873) |
| Return on Investments and servicing of finance | | | | | |
| Net interest received | | 1,002,731 | 2,049,729 | - | 204,230 |
| Dividend paid | | (1,617,000) | (1,540,000) | (1,617,000) | (1,540,000) |
| Taxation and levies | | | | | |
| Tax and levies paid | 4 | (7,307,869) | (6,629,959) | (583,724) | (1,130,253) |
| Capital expenditure and financing activities | | | | | |
| Purchase of fixed assets | 6 | (4,820,839) | (3,249,343) | - | (387,660) |
| Proceeds from sale of fixed assets | 6 | 1,759,654 | 5,000 | 2,503,123 | - |
| Disposal of investments in Tema Thread Limited | | - | - | - | 943 |
| Increase in cash and cash equivalents | | 6,250,379 | (2,024,031) | (11,181,522) | (3,568,613) |
| Cash and bank balance at 1 June | | | | | |
| Cash in transit | | 2,148,782 | 577,608 | - | - |
| Cash and bank balance | | 11,420,256 | 15,015,461 | 11,396,859 | 14,965,472 |
| | | 19,819,417 | 13,569,038 | 215,337 | 11,396,859 |
| Cash and bank balance at 31 May | | | | | |
| Cash in transit | | 1,019,635 | 2,148,782 | - | - |
| Cash and bank balance | | 18,799,782 | 11,420,256 | 215,337 | 11,396,859 |
| | | 19,819,417 | 13,569,038 | 215,337 | 11,396,859 |

Notes to the Consolidated Financial Statement For the Year Ended 31 May,2003

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

These financial statements have been prepared in accordance with Ghana Accounting Standards and under the historical cost convention except as disclosed in the accounting policies below.

(b) Group accounting

The financial statements of PZ Cussons Industries (Ghana) Limited, a wholly owned subsidiary, has been consolidated. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. The accounting policies of PZ Cussons Industries (Ghana) Limited is consistent with the policies adopted by the Group.

(c) Property, plant and equipment

Land and buildings (except for investment property) comprise mainly factories and offices are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or its revalued amounts, to their residual values over their estimated useful life as follows:

| | |
|-----------------------------|----------------------------|
| Leashold land and buildings | Over the life of the lease |
| Equipment | From 10% to 20% |
| Motor Vehicles | 25% |

(d) Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined by standard costing method and proportionate variances adjusted. The cost of finished goods comprises materials, direct labour and a share of production overheads appropriate to the relevant state of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

(e) Trade debtors

Trade debtors are recorded at original invoice value amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(f) Foreign exchange

Transactions denominated in foreign currencies are translated into cedis at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at the Balance Sheet date. These translation differences are dealt with in the profit and loss account.

(g) Sales

Sales represent the value of goods invoiced to customers net of returns, trade discounts and value added tax.

**Notes to the Consolidated Financial Statement
For the Year Ended 31 May,2003 (Cont'd)**

(h) Deferred taxation

Provision is made in the profit and loss account for income tax charge or relief deferred by reason of timing differences between capital allowances granted and the corresponding depreciation charges based on original cost of fixed assets.

No provision is made in the profit and loss account for the potential liabilities to capital gains tax on the unrealised capital surplus on revaluation of fixed assets, if these were sold at their book value. The potential liabilities to capital gains tax is charged to capital surplus and shown as deferred tax.

(i) Extraordinary Items

Material items of income and expenditure which do not fall within the normal activities of the company and are unlikely to recur regularly are dealt with as extra-ordinary items.

(j) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. In the consolidated accounts shares in group undertakings are adjusted to the amounts of the net assets shown in the individual subsidiaries.

(k) Revenue recognition

Sales are recognised upon dispatch of products. Sales are shown net of discounts, returns and after eliminating sales within the Group.

**Notes to the Consolidated Financial Statement
For the Year Ended 31st May, 2003 (Cont'd)**

| 2: Other income | The Group | | The Company | |
|--------------------------|------------------|----------------|------------------|----------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Profit on Sale of Assets | 1,567,752 | 5,000 | 1,535,644 | - |
| Rental income | 566,691 | 423,227 | 433,190 | 341,872 |
| Exchange gain | - | 218,748 | - | 218,748 |
| Sundry Income | - | 32,011 | - | 32,011 |
| | 2,134,443 | 678,986 | 1,968,834 | 592,631 |

| 3. Operating profit | The Group | | The Company | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Operating profit is after charging: | | | | |
| Directors Remuneration | 483,448 | 409,831 | - | 106,749 |
| Auditors Remuneration | 90,300 | 84,000 | - | 54,600 |
| Royalties and technical fees | 3,459,068 | 2,419,982 | - | 532,264 |
| Exchange losses | 1,866,382 | 451,516 | - | 670,264 |
| Donations | 9,385 | 2,811 | - | 2,811 |
| Depreciation | 2,986,977 | 2,764,304 | 351,884 | 619,903 |

| 4: Taxation and levies -company | At 1/6/02 | Payments | P&L charge | At 31//5/03 |
|---------------------------------|----------------|------------------|----------------|----------------|
| | ¢'000 | ¢'000 | ¢'000 | ¢'000 |
| Capital gains tax | | | | |
| 2003 | - | - | 163,310 | 163,310 |
| Reconstruction levy | | | | |
| 2003 | - | - | 39,974 | 39,974 |
| 2002 | 43,018 | (43,0180) | - | - |
| Corporation tax | | | | |
| 2003 | - | (20,609) | 84,804 | 64,195 |
| 2002 | 625,989 | (520,097) | (37,606) | 68,286 |
| | 669,007 | (583,724) | 250,482 | 335,765 |

**Notes to the Consolidated Financial Statement
For the Year Ended 31st May, 2003 (Cont'd)**

| 4: | Taxation and levies Group | At 1/6/02 ¢'000 | Payments ¢'000 | P&L charge ¢'000 | At 31//5/03 ¢'000 | 6: |
|----|---------------------------|--------------------|--------------------|---------------------|----------------------|----|
| | Capital gains tax | | | | | |
| | 2003 | - | - | 163,310 | 163,310 | |
| | Reconstruction levy | | | | | |
| | 2003 | - | - | 537,366 | 537,366 | |
| | 2002 | 379,288 | (379,288) | - | - | |
| | Corporation tax | | | | | |
| | 2003 | - | (2,143,753) | 6,248,298 | 4,104,545 | |
| | 2002 | 5,362,230 | (4,784,828) | (509,116) | 68,286 | |
| | 2000 or prior | (124,318) | - | - | (124,318) | |
| | | <u>5,617,200</u> | <u>(7,307,869)</u> | <u>6,439,858</u> | <u>4,749,189</u> | |

All liabilities are subject to the agreement of the income Tax authorities

The tax charge in the profit & Loss Account comprises:

| | Group | | Company | |
|-----------------------------|------------------|------------------|----------------|----------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Tax charge as above | 6,439,858 | 7,340,778 | 250,482 | 676,037 |
| Deferred Taxation (Note 12) | 649,063 | (657,966) | 490,724 | (12,627) |
| | <u>7,088,921</u> | <u>6,682,812</u> | <u>741,206</u> | <u>663,410</u> |

5: Extra-ordinary income

The dissolution of Tema Thread Company Limited, a once 100% owned subsidiary, was completed during the Period. With the final filing of the relevant papers and the following adjustments:

| | Group | | Company | |
|---------------------------------------|---------------|----------------|---------------|----------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Stated Capital of Tema Thread Limited | | | | 400 |
| Prior year Capital surplus balance | - | 374,519 | - | - |
| Consolidation adjustment balance | | (542) | | - |
| Income surplus Account balance | | - | | 223,809 |
| Total Shareholder's Funds | | <u>373,977</u> | | <u>224,209</u> |
| Balance on investments | | - | | (942) |
| Profit on discontinued business | | <u>373,977</u> | | <u>223,267</u> |

**Notes to the Consolidated Financial Statement
For the Year Ended 31st May, 2003 (Cont'd)**

| 6: Tangible fixed assets - Company | Leasehold land/builds. ¢'000 | Plant, machn. & equipment ¢'000 | Motor Vehicles ¢'000 | Total ¢'000 |
|------------------------------------|------------------------------------|---------------------------------------|----------------------------|--------------------|
| Gross Value | | | | |
| At 1 June 2002 | 8,738,992 | 455,052 | 1,237,164 | 10,431,208 |
| Additions | - | - | - | - |
| Disposals | (141,792) | (455,052) | (1,237,164) | (1,834,008) |
| At 31 May 2003 | 8,597,200 | - | - | 8,597,200 |
| Comprising: | | | | |
| Original cost of assets revalued | 17,745 | - | - | 17,745 |
| Surplus on Revaluations: | | | | |
| 1989 Valuation | 675,906 | - | - | 675,906 |
| 1994 Valuation | 2,549,378 | - | - | 2,549,378 |
| 1999 Valuation | 5,495,963 | - | - | 5,495,963 |
| Assets at Cost | 8,738,992 | - | - | 8,738,992 |
| | (141,792) | - | - | (141,792) |
| At 31 May 2003 | 8,597,200 | - | - | 8,597,200 |
| Depreciation: | | | | |
| At 1 June 2002 | 1,329,321 | 258,173 | 564,121 | 2,151,615 |
| Charge for the year | 351,884 | - | - | 351,884 |
| Disposals | (44,235) | (258,173) | (564,121) | (866,529) |
| | 1,636,970 | - | - | 1,636,970 |
| Net Book Value: | | | | |
| At 31 May 2003 | 6,960,230 | - | - | 6,960,230 |
| At 1 June 2002 | 7,409,671 | 196,879 | 673,043 | 8,279,593 |
| Disposal of assets: | | | | |
| Gross book value | 141,792 | 455,052 | 1,237,164 | 1,834,008 |
| Accum. depreciation | (44,235) | (258,173) | (564,121) | (866,529) |
| Net book value | 97,557 | 196,879 | 673,043 | 967,479 |
| Sales proceeds | (1,730,654) | (204,390) | (568,079) | (2,503,123) |
| (Profit)/loss on disposal | (1,633,097) | (7,511) | 104,964 | (1,535,644) |

**Notes to the Consolidated Financial Statement
For the Year Ended 31st May, 2003 (Cont'd)**

6: Tangible assets - Group

| | Leasehold land/builds. ¢'000 | Plant, machn. & equipment ¢'000 | Motor vehicles ¢'000 | Assets under construction ¢'000 | Total ¢'000 |
|----------------------------------|------------------------------------|---------------------------------------|----------------------------|---------------------------------------|--------------------|
| Gross Value: | | | | | |
| At 1 June 2002 | 19,326,974 | 20,276,878 | 1,494,369 | 491,342 | 41,589,563 |
| Additions | 93,677 | 369,988 | 136,920 | 4,220,254 | 4,820,839 |
| Disposals/transfers | (141,792) | 3,521,321 | (100,808) | (3,521,321) | (242,600) |
| | 19,278,859 | 24,168,187 | 1,530,481 | 1,190,275 | 46,167,802 |
| Comprising: | | | | | |
| Original Cost of Assets | | | | | |
| Revalued | 2,406,127 | - | - | - | 2,406,127 |
| Surplus on Revaluation: | | | | | |
| 1989 Valuation | 779,239 | - | - | - | 779,239 |
| 1994 Valuation | 4,696,728 | - | - | - | 4,696,728 |
| 1999 Valuation | 11,269,917 | - | - | - | 11,269,917 |
| | 19,152,011 | - | - | - | 19,152,011 |
| Assets at Cost | 126,848 | 24,168,187 | 1,530,481 | 1,190,275 | 27,015,791 |
| At 31 May 2003 | 19,278,859 | 24,168,187 | 1,530,481 | 1,190,275 | 46,167,802 |
| Aggregate Depreciation: | | | | | |
| At 1 June 2002 | 2,421,785 | 8,616,637 | 713,728 | - | 11,752,150 |
| Charge for the year | 725,628 | 2,034,708 | 226,641 | - | 2,986,977 |
| Disposals | (44,235) | - | (6,463) | - | (50,698) |
| At 31 May 2003 | 3,103,178 | 10,651,345 | 933,906 | - | 14,688,429 |
| Net Book Value: | | | | | |
| At 31 May 2003 | 16,175,681 | 13,516,842 | 596,575 | 1,190,275 | 31,479,373 |
| At 1 June 2002 | 16,905,189 | 11,660,241 | 780,641 | 491,342 | 29,837,413 |
| Disposal of assets: | | | | | |
| Gross book value | 141,792 | | 100,808 | - | 242,600 |
| Accum. depreciation | (44,235) | | (6,463) | - | (50,698) |
| Net book value | 97,557 | - | 94,345 | - | 191,902 |
| Sale proceeds | (1,730,654) | | (29,000) | - | (1,759,654) |
| (Profit)/loss on disposal | (1,633,097) | - | 65,345 | - | (1,567,752) |

| | 2003 ¢'000 | 2002 ¢'000 |
|--|---------------|---------------|
| Depreciation has been charged in the profit and loss account as follows: | | |
| Cost of sales | 2,448,406 | 2,144,401 |
| Selling, general and administrative expenses | 186,093 | |

**Notes to the Consolidated Financial Statement
For the Year Ended 31st May, 2003 (Cont'd)**

| 7: Investments held as fixed assets | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| PZ Cussons Industries Ltd (250,000 shares) | - | - | 836 | 836 |
| | - | - | 836 | 836 |
| Others: | | | | |
| Ghana Breweries Ltd | 19 | 19 | 19 | 19 |
| | 19 | 19 | 855 | 855 |

PZ Cussons Ghana Limited holds 100% shares in PZ Cussons Industries (Ghana) Limited and exercises management control in it. In accordance with Ghana Accounting Standards, PZ Cussons Industries (Ghana) Limited has been designated as a subsidiary.

| 8: Stocks | Group | | Company | |
|-------------------------|---------------|---------------|---------------|---------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Raw & Packing Materials | 19,089,479 | 17,256,744 | - | - |
| Engineering spares | 1,261,324 | 1,254,288 | - | - |
| Finished Goods | 7,217,186 | 10,893,081 | - | 2,516,626 |
| Work in Progress | 11,550,318 | 8,739,220 | - | - |
| Goods in Transit | 8,403,076 | 3,623,824 | - | - |
| | 47,521,383 | 41,767,157 | - | 2,516,626 |

| 9: Debtors | Group | | Company | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Trade Debtors | 7,421,612 | 3,909,522 | - | 3,909,522 |
| Amounts due from associated company | 920,927 | - | 15,856,260 | - |
| Amounts due from officer and staff | 1,547,912 | 131,109 | 1,364,985 | 110,462 |
| Sundry Debtors | 5,699,645 | 638,410 | 139,016 | 81,772 |
| Prepayments and accrued income | 34,844 | 1,127,872 | 5,500 | 22,954 |
| | 15,624,940 | 5,806,913 | 17,365,761 | 4,124,710 |

The maximum amount of indebtedness by officers during the year amounted to ¢1.73 billion.

| 10: Creditors | Group | | Company | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Trade creditors | 2,331,894 | 1,658,293 | - | 105,275 |
| Amounts due to associated companies | 28,610,808 | 20,041,336 | 833 | 453,253 |
| Sundry creditors | 808,233 | 808,240 | 175,405 | 385,773 |
| Accruals and deferred income | 1,548,410 | 407,911 | - | 406,654 |
| | 33,299,345 | 22,915,780 | 176,238 | 1,350,955 |

**Notes to the Consolidated Financial Statement
For the Year Ended 31st May, 2003 (Cont'd)**

| 11: Dividends payable | Group | | Company | |
|-------------------------|---------------|---------------|---------------|---------------|
| | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| At 1 June | 1,617,000 | 1,540,000 | 1,617,000 | 1,540,000 |
| Payment during the year | (1,617,000) | (1,540,000) | (1,617,000) | (1,540,000) |
| | - | - | - | - |
| Proposed dividend | 1,820,000 | 1,617,000 | 1,820,000 | 1,617,000 |
| At 31 May | 1,820,000 | 1,617,000 | 1,820,000 | 1,617,000 |

| 12: Provision for liabilities and charges | Note | Group | | Company | |
|---|------|--------------------|--------------------|------------------|------------------|
| | | 2003 ¢'000 | 2002 ¢'000 | 2003 ¢'000 | 2002 ¢'000 |
| Deferred Taxation | | | | | |
| (a) Deferred Capital Gains Tax Liability on revaluation | | | | | |
| At 31 May | | (857,288) | (857,288) | (439,988) | (439,988) |
| (b) Deferred Tax Relief on other timing differences | | | | | |
| At 1 June | | (3,180,881) | (3,838,847) | 226,601 | 213,974 |
| (Charge)/credit to Profit and Loss Account | 4 | (649,063) | 657,966 | (490,724) | 12,627 |
| At 31 May | | (3,829,944) | (3,180,881) | (264,123) | 226,601 |
| Total | | (4,687,232) | (4,038,169) | (704,111) | (213,387) |

| 13: Stated Capital | Number of shares | | Proceeds | |
|---------------------------------------|------------------|-------------|---------------|---------------|
| | 2003 000 | 2002 000 | 2003 ¢'000 | 2002 ¢'000 |
| Authorised: Ordinary Shares | 30,000 | 30,000 | | |
| Issued: For cash | 2,733 | 2,733 | 455,070 | 455,070 |
| For consideration other than cash | 25,267 | 25,267 | 9,149,377 | 9,149,377 |
| Transferred from Capital Surplus | - | - | 1,995,553 | 1,995,553 |
| | 28,000 | 28,000 | 11,600,000 | 11,600,000 |

There is no share in treasury and no call of instalments unpaid on any share.

**Notes to the Consolidated Financial Statement
For the Year Ended 31st May, 2003 (Cont'd)**

14: **Earnings per ordinary share**

The Group basic earnings per share was calculated by dividing the earnings attributable to ordinary shareholders by the number of ordinary shares as at 31 May 2003

| | 2003 | 2002 |
|---------------------------------------|------------|------------|
| Profit after tax for the year (¢'000) | 14,916,975 | 12,356,244 |
| Total Net Assets (¢'000) | 89,889,366 | 56,792,391 |
| Number of shares as at 31 May ('000) | 28,000 | 28,000 |
| Earnings per shares (¢) | 532.75 | 441.29 |
| Dividends per shares (¢) | 65.00 | 57.75 |
| Net Assets per shares (¢) | 2,496.05 | 2,028.30 |

15: **Number of shareholders**

The number and distribution of ordinary shareholders with equal voting rights as at 31 May 2003 was as shown Below:

| Holders | No. Of Holders | Total Holders | % Holders |
|------------------|----------------|-------------------|------------|
| 1 -1,000 | 1067 | 297,610 | 1 |
| 1,001-5,000 | 269 | 672,793 | 2 |
| 5,001-10,000 | 33 | 229,905 | 1 |
| 10,001 and above | 36 | 26,799,692 | 96 |
| | <u>1,405</u> | <u>28,000,000</u> | <u>100</u> |

16: **Details of 20 largest shareholders at 31 May 2003**

| Number of Shareholder | No. Of shares Held | Percentage (%) Holding |
|--|--------------------|------------------------|
| PZ Cussons PLC, U.K | 25,267,001 | 90.24 |
| African Tiger Mutual Fund Ltd | 875,000 | 3.13 |
| Epack Investment fund Ltd | 146,576 | 0.52 |
| Dr. Emmanuel E. Sackey | 29,000 | 0.10 |
| Alhassan Iddrisu | 25,930 | 0.09 |
| Ghanaian Enterprice Development Commission | 25,450 | 0.09 |
| Joseph Buachie | 24,080 | 0.09 |
| Edward T.Dodoo | 23,800 | 0.09 |
| Albert Kofi Acheampog | 22,970 | 0.08 |
| CDH Insurance Co. Ghana Ltd | 20,800 | 0.07 |
| Francis Kwasi Gyembibi | 20,710 | 0.07 |
| K. Pepera | 19,195 | 0.07 |
| PZ Cussons Ghana Provident Fund | 16,750 | 0.06 |
| Timothy Aye Kusi | 16,450 | 0.06 |
| Emmanuel A. Clement | 15,430 | 0.06 |
| Mrs. Georgina Badu | 15,020 | 0.05 |
| D.C. Amoakoh | 14,500 | 0.05 |
| J. G. A Renner | 14,000 | 0.05 |
| M.F. Fattal | 13,920 | 0.05 |
| M. Amoa | 13,570 | 0.05 |
| Reported totals | 26,620,152 | 95.07 |
| Not reported | 1,379,848 | 4.93 |
| | <u>28,000,000</u> | <u>100.00</u> |

**Notes to the Consolidated Financial Statement
For the Year Ended 31st May, 2003 (Cont'd)**

17: Exchange control

All remittances from Ghana are subject to the approval of the exchange control authorities.

18: Commitments

The Group has a commitment to buy 25% equity shares in Norpalm Ghana Limited for ₵9.3 billion.

19: Contingent liabilities

There were no contingent liabilities at 31 May 2003 (2002 ₵NIL).

20: Reconciliation of company operating profit to net cash inflow from operating activities

| | Group | | Company | |
|--|-------------------|--------------|---------------------|-------------|
| | 2003 | 2002 | 2003 | 2002 |
| | ₵'000 | ₵'000 | ₵'000 | ₵'000 |
| Operating profit | 21,003,165 | 16,989,327 | 1,598,981 | 1,802,766 |
| Depreciation charges | 2,986,977 | 2,905,212 | 351,884 | 760,812 |
| Profit on sale of fixed assets | (1,567,752) | (5,000) | (1,535,644) | - |
| Adjustments on dissolution of Tema Thread | - | (373,977) | - | 223,267 |
| (Increase)/decrease in stocks | (5,754,226) | (10,440,280) | 2,516,626 | (1,079,070) |
| Increase in Debtors | (9,818,027) | (2,144,125) | (13,241,051) | (1,118,262) |
| Increase/(decrease) in creditors | 10,383,565 | 409,385 | (1,174,717) | (1,305,386) |
| Net cash inflow from operating activities | 17,233,702 | 7,340,542 | (11,483,921) | (715,873) |

21: Related party transactions

The company is a subsidiary of PZ Cussons Plc incorporated in the United Kingdom.

The following transactions were carried out with related parties:

| | 2003 | 2002 |
|--|--------------|--------------|
| | ₵'000 | ₵'000 |
| Purchases of goods and services: | | |
| PZ Cussons International Limited, Manchester | 38,017,000 | 22,264,521 |
| Sale of goods: | | |
| Parnon Limited | 929,244 | 1,145,986 |
| PZ Industries (Nigeria) PLC | 6,631,187 | - |
| Year end balances arising from related party transactions : | 2003 | 2002 |
| | ₵'000 | ₵'000 |
| PZ Cussons International Limited - Purchases | (12,574,419) | (7,464,154) |
| PZ Cussons International Limited - Royalties/Technical fees | (5,878,450) | (2,419,382) |
| PZ Cussons International Limited - Loan Draw-down | (10,156,922) | (10,156,922) |
| Parnon Limited | 920,926 | - |

PZ Cussons International Limited, Parnon Limited all in the United Kingdom and PZ Industries (Nigeria) Plc are all fellow subsidiaries of PZ Cussons Plc., and are therefore companies related through common control.

The above transactions were carried out on commercial terms and conditions.

PROXY FORM

PZ CUSSONS GHANA LIMITED.

No. 0001

Annual General Meeting to be held at 3.00 p.m. On 28th November 2003 at the Ghana National Association of Teachers (GNAT) Hall, Accra I/We*

being a member/members of PZ Cussons Ghana Limited hereby appoint

** of failing him, PANAGIOTIS G. MOUCHTEROS or failing him, PHILIP W. DAVIES or failing him, FELIX S. QUACHEY as/our proxy to act and vote for my/us on my/our behalf at the Annual General Meeting of the Company to be held on 28th November 2003.

Dated the _____ day of _____ 2003

Shareholder's Signature _____

{Before [posting the form, please tear off this part and retain it]}

| RESOLUTION | FOR | AGAINST |
|--|-----|---------|
| 1. To adopt the reports and audited financial statements | | |
| 2. (a) To re-appoint Mr. Felix Stephen Quachey as a Director. (b) To re-appoint Mr. Philip William Davis. | | |
| 3. To fix Directors fees. | | |
| 4. To authorize the Directors to negotiate and determine the Auditors' remuneration. | | |

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

PZ CUSSONS GHANA LIMITED
ADMISSION FORM

No. 0001 N^o 0000339

ANNUAL GENERAL MEETING TO BE HELD AT 3:00 P.M. ON 28TH NOVEMBER 2003 AT THE GHANA NATIONAL ASSOCIATION OF TEACHERS (GNAT) HALL, ACCRA

IF YOU ARE UNABLE TO ATTEND THIS MEETING

A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above form has been prepared to enable you to exercise your right to vote if you cannot personally attend the Meeting.

Following the normal practice, the names of the Directors of the Company have been entered on the Form to ensure that someone will be at the Meeting to act as your proxy, but if you may insert in the blank space on the Form (marked**) the name of any person. Whether a member of the Company or not who will attend the Meeting and vote on your behalf instead of one of the Directors.

Please sign the above Proxy Form and post it so as to reach the address on the front not later than 3:00 p.m. on 28th November 2003.

If executed by a Body Corporate, the Proxy Form should be sealed with the Common Seal
IMPORTANT (a) The name of the shareholder must be written in BLOCK CAPITALS on the Proxy Form marked*

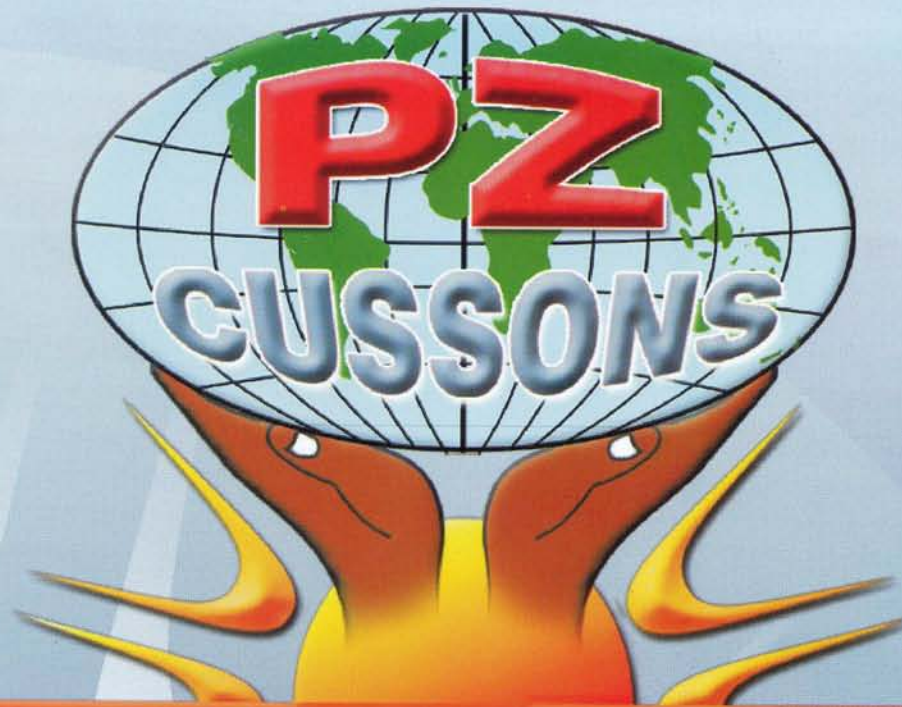
- (b) This admission Form must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- (c) Shareholders or their proxies are requested to sign the Admission Form before attending the meeting.

Signature of Person Attending

PZ/1820
 MS G.A. 0001
 NATIONAL TRUST HOLDING CO. LTD
 P O BOX 9563
 AIRPORT-ACCRA
 1057

**THE REGISTRAR
MERCHANT BANK (GHANA) LIMITED
57 EXAMINATION LOOP
NORTH RIDGE
P.O.BOX 401**

PROJECT SUNRISE



"START BRIGHT-STAY BRIGHT"

- UP-DATE OUR SYSTEMS
- IMPROVE OUR PRACTICES
- DEVELOP OUR SKILLS
- STRENGTHEN OUR OPERATIONS

Sunrise Objectives

- Continuously reduced production costs.
- Continuously improved quality.
- Continuously improved delivery.
- Continuously improved skills and training.
- Continuously improved system and management processes.



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Tel: (0)21 664633/4, Fax: 668586, E-mail: pz.acra@ghmail.com

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