

2005 Annual Report



Cussons PZ CUSSONS GHANA LIMITED AND SUBSIDIARY



Paterson Zochonis (PZ) was formed in Ghana (then the Gold Coast) in 1934. Paterson Zochonis Ghana became a Public Company in 1976, and was listed on the Ghana Stock Exchange within 12 months of its inception, in 1990.

From the early activities of importing, exporting and general trading, an industrial base was established in 1969.

Consequent to the Economic Recovery Programme instituted by the Government at that time, opportunity was taken in the late 80's and early 90's to rejuvenate PZ's industrial potential, concentrating on Health Care and Beauty Care products.

In 1995 a decision was made to build a new soap factory in Ghana, a total new investment to the value of approximately \$10 million.

Effectively 1st June, 2002 the Group underwent a change in name, from Paterson Zochonis to PZ Cussons. The objective of the changes was to unify the Group further under one identity, and to refresh and modernize our corporate image.

With a solid product portfolio that includes a number of well established brands such as Drastin, Alagbin, Zubes, Super Atlas, Maladrin, Robb, Venus haircare, Camel antiseptic, Imperial Leather, Premier, Cussons Baby, Canoe, Duck and Elephant, PZ Cussons can look at the future with great confidence.

Our vision is driven by our commitment to continue expanding our business through providing the consumers with goods of the highest quality standards at affordable prices, while making reasonable profits and maintaining our strong family values and respect for the environment in which we operate.



Experience the Luxury

Annual Report

And Financial Statements

31st May, 2005

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Officers and Professional Advisors

Directors:	P. Mouchteros (Chairman and M.D.) Felix Stephen Quachey Philip William Davies C. Nicoloulas Paul K. Pepera
Secretary:	Accra Nominees Limited Mobil House Liberia Road P. O. Box 242 Accra
Registered office:	Plot 27/3-27/7 Sanyo Road, Tema Heavy Industrial Area P.O. Box: 628 Tema, Ghana
Auditors:	Deloitte & Touche Chartered Accountants 4 Liberation Road P. O. Box 453 Accra
Solicitors:	Kudjawa & 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 47th Annual General Meeting of PZ Cussons Ghana Limited, will be held at the Kama Conference Centre, Accra on Friday, November 25, 2005 at 1:00 p.m to transact the following business of the Company

AGENDA

1. To receive and consider the audited financial statements for the year ended 31st May 2005 and the Reports of the Directors and Auditors thereon.
2. To declare 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, August 15, 2005

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

	2005 ¢'000	2004 ¢'000	% change
Turnover	195,979,806	173,823,916	13
Operating profit	15,716,013	21,247,538	(26)
Profit before taxation	16,074,728	21,572,011	(25)
Profit after taxation	10,019,108	14,369,880	(30)
Operating cashflow	12,176,120	4,017,914	203
Shareholders' funds	123,948,709	116,029,601	7
Capital Expenditure	11,568,804	3,449,154	235
Earnings per ordinary share (¢)	357,83	513,21	(30)
Dividends per ordinary share (¢)	75.00	72.00	4
Net Assets per share	4,426.74	4,143.91	7
PBT Margin (%)	8.20	12.41	(21)
PAT Margin (%)	5.11	8.27	(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, 2005.

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 2005 after taxation was ₵10.02 billion against a profit after tax of ₵14.3 billion in 2004.

Directors' Report

Dividends

The Directors recommend a dividend of ¢75 (2004: ¢72) per share for the year under consideration, amounting to ¢2.1billion.

Directors and their interest

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 2005 were:

	2005	2004
P.Mouchteros (Managing Director)	-	-
F.S. Quachey	5,100	5,100
P.W. Davies	-	-
P.K Pepera	-	-
C.Nicoloulis	-	-

In accordance with the regulations of the Company, Messrs Felix S Quachey and Philip W Davies will retire at the Annual General Meeting and being eligible, offer themselves for re-election. Mr. Charles B Janney, Human Resource and Corporate Affairs Director has been appointed to the Board , with effect from 1st June 2005.

Directors' Interest

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

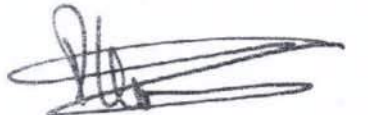
Audit Sub-Committee

The Board of Directors as at 30th June 2005, put in place a 3-members Audit Sub-Committee with clearly - defined terms of reference and frequency of meetings. The membership is made of 1 Executive Director and 2 Non-Executive Directors.

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
.....
Director

23rd August,2005

Statement of Directors' Responsibilities

The directors are responsible for 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 International 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 8.

Independent Auditor's Report To the Members of PZ Cussons Ghana Limited

We have audited the accompanying balance sheet of PZ Cussons Ghana Limited as of 31 May 2005, and the related profit and loss account, and the cash flow statement, for the year then ended.

Respective responsibilities of Directors and Auditors

The financial statements are the responsibility of the Company's management. It is our responsibility to express an opinion on these financial statements based on our audit.

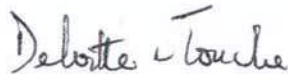
Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the Company as of 31 May 2005, and of the result of its operations and its cash flows for the year then ended in accordance with International Accounting Standards and comply with the Companies Code 1963, (Act 179).

A handwritten signature in cursive script that reads 'Deloitte Touche'.

Chartered Accountants
4 Liberation Road
Accra

24th August 2005

Consolidated Profit and Loss Account For the year ended 31st May 2005

	Note	Group		Company	
		2005 ¢'000	2004 ¢'000	2005 ¢'000	2004 ¢'000
Turnover		195,979,806	173,823,916	-	-
Cost of Sales		(146,983,742)	(123,345,464)	-	-
Gross Profit		48,996,064	50,478,452	-	-
Other Income	2	1,330,972	660,122	882,868	392,860
		50,327,036	51,138,574	882,868	392,860
Distribution Costs		(25,611,903)	(22,639,959)	-	-
Administrative Costs		(8,999,120)	(7,251,077)	(1,429,124)	(389,766)
Operating profit		15,716,013	21,247,538	(546,256)	3,094
Net interest receivable and similar income		358,715	324,473	2,339,566	-
Profit before tax	3	16,074,728	21,572,011	1,793,310	3,094
Taxation and levies	4	(6,055,620)	(7,202,131)	(75,314)	(105,647)
Profit/(loss) after taxation transferred to Income Surplus Account		10,019,108	14,369,880	1,717,996	(102,553)

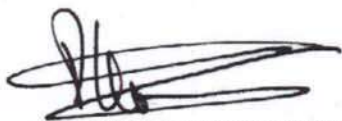
Income Surplus Account For the year ended 31 May 2005

	Note	2005 ¢'000	2004 ¢'000	2005 ¢'000	2004 ¢'000
At 1 June		55,552,569	43,056,484	852,663	2,829,011
Transferred from Profit/Loss account		10,019,108	14,369,880	1,717,996	(102,553)
Transferred from Capital Surplus Acct	13	-	142,205	-	142,205
		65,571,667	57,568,569	2,570,659	2,868,663
Dividend proposed: ¢75.00 per share(2004 ¢72.00)		(2,100,000)	(2,016,000)	(2,100,000)	(2,016,000)
At 31 May		63,471,667	55,552,569	470,659	852,663

**Consolidated Balance Sheet as at
31st May 2005**

	Note	Group 2005 ¢'000	2004 ¢'000	Company 2005 ¢'000	2004 ¢'000
Non current Assets					
Property, Plant, & Equipment	5	74,162,195	68,984,339	18,695,815	20,095,050
Investments	6	9,477,712	9,447,731	836	855
		<u>83,639,907</u>	<u>78,462,070</u>	<u>18,696,651</u>	<u>20,095,905</u>
Current Assets					
Stocks	7	71,549,375	82,086,030	-	-
Debtors	8	23,697,853	15,892,927	-	16,802,133
Taxation	4	-	-	19,445	-
Cash and Bank		8,941,592	10,966,994	17,426	358,766
		<u>104,188,820</u>	<u>108,945,951</u>	<u>16,767,460</u>	<u>17,160,899</u>
Current liabilities					
Creditors	9	50,034,388	56,253,748	211,396	176,464
Dividends payable	10	2,100,000	3,535,177	2,100,000	3,535,177
Taxation	4	2,715,765	3,296,149	-	10,444
		<u>54,850,153</u>	<u>63,085,074</u>	<u>2,311,396</u>	<u>3,722,085</u>
Net Current Assets		49,338,667	45,860,877	14,456,064	13,438,814
Total Assets Less current liabilities		132,978,574	124,322,947	33,152,715	33,534,719
Provision for liabilities and charges	11	(9,029,865)	(8,293,346)	(2,008,406)	(2,008,406)
Net Assets		123,948,709	116,029,601	31,144,309	31,526,313
Capital and reserves					
Stated Capital	12	11,600,000	11,600,000	11,600,000	11,600,000
Capital Surplus	13	48,877,032	48,877,032	19,073,650	19,073,650
Income Surplus		63,471,667	55,552,569	470,659	852,663
Shareholders' Funds		123,948,709	116,029,601	31,144,309	31,526,313

The financial statements were approved by the Board of Directors and authorised for issue on 16th August 2005 They were signed on it's behalf by



Director



Director

23rd August,2005

**Consolidated Cash Flow Statement
For the Year 31st May 2005**

	Group 2005 ¢'000	2004 ¢'000	Company 2005 ¢'000	2004 ¢'000
Operating Activities				
Profit from Operations	15,716,013	21,247,538	(546,256)	3,094
Adjustment for:				
Depreciation charges	6,316,367	3,486,231	1,399,235	352,733
Profit on sale of fixed assets	29,449	(32,878)	-	-
Profit on sale of investment	(498,593)	-	(498,593)	-
Operating Cash flow before movement in working capital	21,563,236	24,700,891	354,386	355,827
(Increase)/decrease in Stocks	10,536,655	(34,564,647)	-	-
(Increase)/decrease in Debtors	(7,804,926)	(267,987)	2,404,877	563,626
Increase/(decrease) in Creditors	(6,219,360)	22,952,686	34,932	226
Tax Paid	(5,899,485)	(8,803,029)	(105,203)	(475,428)
Cash generated from operations	12,176,120	4,017,914	2,688,992	444,251
Investing activities				
Net interest received	358,715	324,473	6,233	-
Purchase of property, plant and equipment	(11,568,804)	(3,449,154)	-	-
Proceeds from sale of property / equipment	5 45,132	32,878	-	-
Proceeds from sale of investment	5 498,612	-	498,612	-
Net cash used in investing activities	(10,666,345)	(3,091,803)	504,845	-
Financing Activities				
Equity investment	-	(9,477,712)	-	-
Dividend paid	(3,535,177)	(300,822)	(3,535,177)	(300,822)
Net cash used in financing activities	(3,535,177)	(9,778,534)	(3,535,177)	(300,822)
Net decrease in cash and cash equivalents	(2,025,402)	(8,852,453)	(341,340)	143,429
Cash and cash equivalents at beginning.	10,966,994	19,819,417	358,766	215,337
Cash and cash equivalents at end of year	8,941,592	10,966,994	17,426	358,766

**Notes to the Consolidated Financial Statements
For The Year Ended 31st May,2005**

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 International 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) comprising 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:

Leasehold land and buildings	Over the life of the lease
Equipment	From 10% to 33 ^{1/3} %
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 Statements
for the Year Ended 31st May, 2005**

(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) 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.

(j) Revenue recognition

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

**Consolidated Balance Sheet as at
31st May 2005**

2. Other income

	Group 2005 ¢'000	2004 ¢'000	Company 2005 ¢'000	2004 ¢'000
Profit /(Loss) on Sale of Assets	(29,449)	32,878	-	-
Rental income	602,840	562,601	384,256	392,860
Sundry Income	757,581	64,643	498,612	-
	1,330,972	660,122	882,868	392,860

3. Operating profit

Operating profit is after charging

	Group 2005 ¢'000	2004 ¢'000	Company 2005 ¢'000	2004 ¢'000
Directors Remuneration	701,628	591,237	-	-
Auditors Remuneration	140,000	154,950	-	-
Royalties and technical fees	4,410,727	3,768,748	-	-
Exchange losses	379,491	961,620	-	-
Donations	37,730	1,398	-	-
Depreciation	6,331,442	3,468,231	1,399,235	352,733

4. Taxation and levies - company

	At 1/6/04 ¢'000	Payments ¢'000	P & L Charge ¢'000	At 31/5/05 ¢'000
Capital gains tax	-	-	-	-
2005				
Reconstruction levy		(3,126)	-	(3,126)
2005	(1,433)	-	-	(1,433)
2004	-	-	-	-
2003	-	-	-	-
2002	-	-	-	-
Corporation tax				
2005	-	(37,509)	75,314	37,805
2004	52,859	(64,568)	-	(11,709)
2003	-	-	-	-
2002	(40,982)	-	-	(40,982)
	10,444	(105,203)	75,314	(19,445)

**Notes To The Consolidated Financial Statements
For The Year Ended 31st May, 2005**

4. Taxation and levies - Group

	<u>At 1/6/05</u> ¢'000	<u>Payments</u> ¢'000	<u>P & L Charge</u> ¢'000	<u>At 31/5/05</u> ¢'000
Capital gains tax				
2005	-	-	-	-
Reconstruction levy				
2005	-	(235,080)	249,222	14,142
2004	537,790	(539,223)	-	(1,433)
2003	-			-
Corporation tax				
2005	-	(2,429,509)	5,069,879	2,640,370
2004	3,023,423	(2,695,673)	-	327,750
2003	(224,082)	-	-	(224,082)
2002	(40,982)	-	-	(40,982)
	<u>3,296,149</u>	<u>(5,899,485)</u>	<u>5,319,101</u>	<u>2,715,765</u>

All liabilities are subject to the agreement of the Income Tax Authorities.
The tax charge in the Profit & Loss Account comprises:

	2005 ¢'000	Group 2004 ¢'000	2005 ¢'000	Company 2004 ¢'000
Tax charge as above	5,319,101	7,349,989	75,314	150,107
Deferred Taxation(Note 11)	736,519	(147,858)	-	(44,460)
	<u>6,055,620</u>	<u>7,202,131</u>	<u>75,314</u>	<u>105,647</u>

**Notes To Consolidated Financial Statements
For The Year Ended 31st May, 2005**
5: Tangible fixed assets - Company

	Leasehold Land/builds. ¢'000	Plant, machn. & equipment ¢'000	Motor Vehicles ¢'000	Total ¢'000
Gross Value				
At 1 June 2004	20,095,050	-	-	20,095,050
Additions	-	-	-	-
Disposals	-	-	-	-
	<u>20,095,050</u>	<u>-</u>	<u>-</u>	<u>20,095,050</u>
At 31 May 2005	<u>20,095,050</u>	<u>-</u>	<u>-</u>	<u>20,095,050</u>
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
2004 Valuation	11,497,850	-	-	11,497,850
	<u>20,236,842</u>	<u>-</u>	<u>-</u>	<u>20,236,842</u>
Assets at cost	(141,796)	-	-	(141,796)
	<u>20,095,050</u>	<u>-</u>	<u>-</u>	<u>20,095,050</u>
At 31 May 2005	<u>20,095,050</u>	<u>-</u>	<u>-</u>	<u>20,095,050</u>
Depreciation:				
At 1 June 2004	-	-	-	-
Charge for the year	1,399,235	-	-	1,399,235
Disposals/transfers	-	-	-	-
	<u>1,399,235</u>	<u>-</u>	<u>-</u>	<u>1,399,235</u>
Net Book Value:				
At 31 May 2005	<u>18,695,815</u>	<u>-</u>	<u>-</u>	<u>18,695,815</u>
At 1 June 2004	<u>20,095,050</u>	<u>-</u>	<u>-</u>	<u>20,095,050</u>

**Notes To The Consolidated Financial Statements
For The Year Ended 31st May 2005**
5: Tangible assets - Group

	Leasehold land/builds. ¢'000	Plant, machn. & equipment ¢'000	Motor vehicle ¢'000	Assets under construction ¢'000	Total ¢'000
Gross Value:					
At 1 June 2004	52,987,850	27,451,688	1,655,671	1,211,180	83,306,389
Additions	97,682	470,687	-	11,000,435	11,568,804
Disposal	620,924	4,293,369	1,828,886	(6,743,179)	-
Transfers	-	(75,161)	(18,734)	-	(93,895)
	<u>53,706,456</u>	<u>32,140,583</u>	<u>3,465,823</u>	<u>5,468,436</u>	<u>94,781,298</u>
Comprising:					
Original cost of assets revalued	2,581,090	-	-	-	2,581,090
Surplus on revaluations:					
1989 Valuation	779,239	-	-	-	779,239
1994 Valuation	4,696,728	-	-	-	4,696,728
1999 Valuation	11,269,917	-	-	-	11,269,917
2004 Valuation	33,708,991	-	-	-	33,708,991
	<u>53,035,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,035,965</u>
Assets at cost	670,491	32,140,583	3,465,823	5,468,436	41,745,333
At 31 May 2005	<u>53,706,456</u>	<u>32,140,583</u>	<u>3,465,823</u>	<u>5,468,436</u>	<u>94,781,298</u>
Aggregate Depreciation:					
At 1 June 2004	-	13,154,649	1,197,356	-	14,322,050
Charge for the year	2,829,884	3,136,038	365,520	-	6,311,442
Disposals	-	(580)	(18,734)	-	(19,314)
Transfers/ Adjustment	-	(15,075)	-	-	(15,075)
At 31 May 2005	<u>2,829,884</u>	<u>16,275,077</u>	<u>1,514,142</u>	<u>-</u>	<u>20,649,103</u>
Net Book Value:					
At 31 May 2005	<u>50,879,572</u>	<u>15,865,506</u>	<u>1,951,681</u>	<u>5,468,436</u>	<u>74,162,195</u>
At 1 June 2004	<u>52,987,850</u>	<u>14,296,994</u>	<u>488,315</u>	<u>1,211,180</u>	<u>68,984,339</u>
Disposal of assets:					
Gross book value	-	5,161	1,8734	-	93,895
Accum. depreciation	-	(580)	(18,734)	-	(19,314)
Net book value	-	74,581	-	-	74,581
Sale proceeds	-	(38,175)	(6,957)	-	(45,132)
Profit on disposal	-	36,406	(6,957)	-	29,449

	2005 ¢'000	2004 ¢'000
Depreciation has been charged in the profit and loss account as follows:		
Cost of sales	4,590,459	2,503,349
Selling, general and administrative expenses	1,740,983	982,881
	<u>6,331,442</u>	<u>3,486,230</u>

**Notes To The Consolidated Financial Statements
For The Year Ended 31st May, 2005**

6: Investments held as fixed assets	Group		Company	
	2005 ¢'000	2004 ¢'000	2005 ¢'000	2004 ¢'000
PZ Cussons Industries Ltd (250,000 shares)	-	-	836	836
	-	-	836	836
Others:				
Ghana Breweries Ltd	-	19	-	19
Norpalm Ghana Limited.	9,477,712	9,477,712	-	-
	<u>9,477,712</u>	<u>9,477,731</u>	<u>836</u>	<u>855</u>

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.

7: Stocks	Group		Company	
	2005 ¢'000	2004 ¢'000	2005 ¢'000	2004 ¢'000
Raw & Packing Materials	46,727,484	55,341,378	-	-
Engineering spares	4,461,046	3,411,584	-	-
Finished Goods	16,060,555	12,721,774	-	-
Work in Progress	-	870,655	-	-
Goods in Transit	4,300,290	9,740,639	-	-
	<u>71,549,375</u>	<u>82,086,030</u>	<u>-</u>	<u>-</u>

8: Debtors	Group		Company	
	2005 ¢'000	2004 ¢'000	2004 ¢'000	2005 ¢'000
Trade Debtors	14,182,571	10,710,077	-	-
Amounts due from associated company	345,638	950,331	15,658,306	15,555,474
Amounts due from officers and staff	1,510,118	1,378,820	951,612	1,170,316
Sundry Debtors	7,599,008	2,749,556	120,671	72,714
Prepayments and accrued income	60,518	104,143	-	3,629
	<u>23,697,853</u>	<u>15,892,927</u>	<u>16,730,589</u>	<u>16,802,133</u>

The maximum amount of indebtedness by officers during the year amounted to ¢1.510 billion.

**Notes To The Consolidated Financial Statements
For The Year Ended 31st May, 2005**

9: Creditors	Group		Company	
	2005 ¢'000	2004 ¢'000	2005 ¢'000	2004 ¢'000
Trade creditors	4,647,539	3,481,304	-	-
Amounts due to associated companies	38,849,121	48,814,225	-	-
Sundry creditors	4,331,168	1,584,720	211,396	176,464
Accruals and deferred income	2,206,110	2,373,499	-	-
	<u>50,034,388</u>	<u>56,253,748</u>	<u>211,396</u>	<u>176,464</u>

10: Dividends payable	Group		Company	
	2005 ¢'000	2004 ¢'000	2005 ¢'000	2004 ¢'000
At 1 June	3,535,177	1,820,000	3,535,177	1,820,000
Payment during the year	(3,535,177)	(300,823)	(3,535,177)	(300,823)
	<u>-</u>	<u>1,519,177</u>	<u>-</u>	<u>1,519,177</u>
Proposed dividend	2,100,000	2,016,000	2,100,000	2,016,000
At 31 May	<u>2,100,000</u>	<u>3,535,177</u>	<u>2,100,000</u>	<u>3,535,177</u>

11: Provision for liabilities and charges	Group		Company	
	2005 ¢'000	2004 ¢'000	2005 ¢'000	2004 ¢'000
Deferred Taxation				
(A) Deferred Capital Gains Tax Liability on revaluation				
At 1 June	(4,611,260)	(857,288)	(1,788,743)	(439,988)
Charge to Profit and Loss Account	-	(3,753,972)	-	(1,348,755)
At 31 May	<u>(4,611,260)</u>	<u>(4,611,260)</u>	<u>(1,788,743)</u>	<u>(1,788,743)</u>

**Notes To The Consolidated Financial Statements
For The Year Ended 31st May, 2005**

(b) Deferred Tax Relief on other timing differences				
At 1 June	(3,682,086)	(3,829,944)	(219,663)	(264,123)
(Charge)/Credit Profit and Loss Account	(736,519)	147,858	-	44,460
At 31 May	(4,418,605)	(3,682,086)	(219,663)	219,663
Total	(9,029,865)	(8,293,346)	(2,008,406)	(2,008,406)

12: Stated Capital

	Number of shares		Proceeds	
	2005	2004	2005	2004
	¢'000	¢'000	¢'000	¢'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.

	2005	2004	2005	2004
	¢'000	¢'000	¢'000	¢'000
13: Capital Surplus				
At 1 June	48,877,032	15,232,882	19,073,650	7,077,058
Transfer to Income Surplus	-	(142,205)	-	(142,205)
Revaluation Surplus	-	37,540,327	-	13,487,552
Tax provision on revaluation	-	(3,753,972)	-	(1,348,755)
At 31 May	48,877,032	48,877,032	19,073,650	19,073,650

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 2005.

	2005	2004
Profit after tax for the year(¢'000)	10,019,108	14,369,880
Number of shares as at 31 May ('000)	28,000	28,000
Earnings per share(¢)	358	513
Dividends per share(¢)	75	72

**Notes To The Consolidated Financial Statements
For The Year Ended 31st May, 2005**

15: Number of shareholders

The number and distribution of Ordinary Shareholders with equal voting rights as at 31 May 2005 was as shown below:

<u>Holdings</u>	<u>No. of Holders</u>	<u>Total Holding</u>	<u>% Holdings</u>
1 - 1,000	1090	297,610	1
1,001 - 5,000	269	672,793	2
5,001 - 10,000	32	229,905	1
10,001 and above	36	26,799,692	96
	----- 1,427 -----	----- 28,000,000 -----	----- 100 -----

16: Details of 20 largest shareholders at 31 May 2004

<u>Name of Shareholder</u>	<u>No. of Shares Held</u>	<u>Percentage (%) Holding</u>
PZ Cussons (Holdings) Limited.	25,267,001	90.24
African Tiger Mutual Fund Ltd	875,000	3.13
Dr. Emmanuel E. Sackey	29,000	0.10
Alhassan Iddrisu	25,930	0.09
Ghanaian Enterprise Development Commission	25,450	0.09
BBGN/GBL staff Provident Fund	24,951	0.09
BBGN/GBL staff Managers Fund	24,950	0.09
Joseph Buachie	24,080	0.09
Edward T. Dodoo	23,800	0.09
Albert Kofi Acheampong	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
DBL/CEPS Senior staff Provident Fund	15,000	0.05
Mr. D. C. Amoakoh	14,500	0.05
Mr. J. G. A. Renner	14,000	0.05
Reported totals	26,510,797	94.68
Not reported	1,489,013	5.32
	----- 28,000,000 -----	----- 100.00 -----

17: Exchange control

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

18: Contingent liabilities

There were no contingent liabilities at 31 May 2005 (2004 ϕ NIL).

19: 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:

	2005	2004
	¢'000	¢'000
Purchases of goods and services:		
PZ Cussons International Limited, Manchester	<u>91,338,124</u>	<u>94,107,584</u>
Sale of goods:		
Parnon Limited	<u>1,072,062</u>	1,528,033
PZ Industries (Nigeria) PLC	<u>336,717</u>	<u>1,348,281</u>
Year end balances arising from related party transactions :	¢'000	¢'000
PZ Cussons International Limited - Purchases	(14,634,254)	(29,010,083)
PZ Cussons International Limited - Royalties/Technical fees	(14,057,946)	(9,647,219)
PZ Cussons International Limited - Loan Draw-down	(10,156,922)	(10,156,922)
Parnon Limited	-	487,968
PZ Industries (Nigeria) PLC	<u>345,632</u>	<u>462,363</u>

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

No. 001463

PZ CUSSONS GHANA LIMITED.

Annual General Meeting to be held at 1:00pm on 25th November 2005 at the Kama Conference Centre

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 25th November 2005.

Dated the _____ day of _____ 2005

Shareholder's Signature _____
{Before posting the form, please tear of this part and retain it}

RESOLUTION	FOR	AGAINST
1. To adopt the reports and audited financial statements		
(a) To re-appoint Mr. Felix S. Quachey. (b) To re-appoint Mr. Philip W. Davies		
3. To fix Directors fees.		
4. To authorize the Directors to negotiate and determine the Auditors' remuneration.		
<p>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.</p>		

PZ CUSSONS GHANA LIMITED
ADMISSION FORM. No.

ANNUAL GENERAL MEETING TO BE HELD AT 1:00PM ON 25TH NOVEMBER 2005
AT THE KAMA CONFERENCE CENTRE.

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 in case 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 1:00p.m. on the 25th November 2005.

If executed by a Body Corporate, the Proxy Form should be sealed with 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

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

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