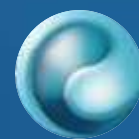


Annual Report



2009

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CORPORATE INFORMATION

Directors: Paul K. Pepera (Chairman)
 James Berkeley Judson (Managing Director – appointed 1 June 2008)
 Felix Stephen Quachey
 Philip William Davies
 Charles B. Janney
 Christopher Davis
 Patrick Fogelstrom (Appointed on 14 November 2008)

Secretary: Accra Nominees Limited
 2nd Floor, Cedar House
 13 Samora Machel Road
 Asylum Down
 P. O. Box GP 242
 Accra

Registered office: Plot 27/3-27/7
 Sanyo Road Tema Heavy Industrial Area
 P. O. Box 628
 Accra, Ghana

Auditor: PricewaterhouseCoopers
 Chartered Accountants
 No.12, Airport City
 Una Home 3rd Floor
 PMB CT 42
 Cantonments
 Accra

Solicitors: Kudjawa & Co.
 No. 15 Yantridi Road
 Labone
 P. O. Box 294
 Accra

Minka-Premo & Co
 P O Box 14951
 Accra

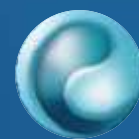
Ofori Adusei Law Consult
 P O Box M378
 Accra

Bankers: Barclays Bank of Ghana Limited
 Ghana Commercial Bank Limited
 Guarantee Trust 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 51st Annual General Meeting of the Shareholders of PZ Cussons Ghana Limited will be held at the Ghana-India Kofi Annan Center for Excellence in ICT, Ringway Estates, Accra (near the Ghana Institute of Journalism) on Friday, 9 October 2009 at 11 O'clock to transact the following:

Agenda

ORDINARY BUSINESS

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended 31 May 2009.
2. To approve the appointment of a Director.
3. To re-elect Directors.
4. To fix the remuneration of the Directors.
5. To confirm the appointment of PricewaterhouseCoopers as Auditor of the Company and to authorise the Directors to fix the auditor's remuneration for the ensuing year.

SPECIAL BUSINESS

Special Resolution

1. To amend the Regulations of the Company to allow for the issuance of and or conversion to dematerialised securities.

Dated this 7th day of September 2009

BY ORDER OF THE BOARD

ACCRA NOMINEES LIMITED COMPANY SECRETARIES

Note:

A member of the Company entitled to attend and vote may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. Completed proxy forms should be deposited at the offices of the Registrars, Merchant Bank (Ghana) Limited, Ridge Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the **48 hour deadline** will result in the proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

CHAIRMAN'S STATEMENT



2009 was a year characterised by a very challenging economic environment with considerable volatility in raw material costs, significant devaluation of the Ghana Cedi and a major global recession.

Building upon the success of our strong growth in revenue and profitability over the last three years, PZ Cussons Ghana was able to maintain market shares in all our main categories, growing sales revenue by over 4% (+ 9% excluding Group Sales).

Despite this, profitability has been adversely impacted by the increase in raw material costs, principally due to the devaluation of the cedi and increase in commodity prices during the year. Operating profit has therefore reduced to GH¢1.2 million from GH¢4.3 million in the prior year.

We successfully grew our most important brands like Camel, Imperial Leather and Robb in Home Care and Personal Care, continued to see very strong growth in the Electricals category with our Haier Thermocool brand and established a presence in the Nutrition market with our Nunu and Coast brands.

In response to the worsening economic environment, we focused on strengthening our cash and cash equivalent position and generated GH¢5.3 million cash in 2008/09 financial year. This reversed the prior year negative position into a strong closing positive net position of over GH¢2.6 million.

Our performance in 2009 leaves us in a strong position to take advantage from the consistent and continued investment in our brands, our new products, our manufacturing and infrastructure (a further GH¢1.9 million invested in capital expenditure), and of course our strengthened customer and consumer base.

We continued to invest in our people, improve our business processes and we added new skills and capabilities by attracting new talent into the Company. This investment in our people and processes will ensure we continue to drive growth and will enable us to meet the challenges of the ever changing market environment.

Taking into consideration this year's reduced profitability, resulting from the challenging economic environment, as well as the required re-investment for delivering our business growth plans which will secure improved results in the years ahead, the Board proposes no dividend this year.

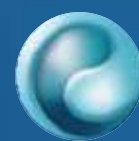
The outlook for our business is that 2010 will continue to be influenced by the challenging economic environment. We however anticipate to see good growth as the effects of our ongoing investment in our brands, people and processes delivers results. We will continue to invest in our core brands in order to gain market share and realise growth from the recently entered Nutrition and Electrical categories.

We are committed to further increasing shareholders' value through the delivery of quality products and services to the Ghanaian consumers, whilst fulfilling our corporate and social responsibilities.

At this point, I would like to extend my thanks and appreciation to our management and staff whose hard work, commitment and continuous focus on improvement and change has been the major driving force in delivering this year's successes, despite the extremely challenging economic environment.

PAUL KWABENA PEPERA





	2009	2008	
	GH¢	GH¢	%Change
Turnover	44,643,160	42,775,342	4
Operating profit	1,183,995	4,310,936	(72)
Profit before income tax	1,006,846	4,706,678	(79)
Profit after income tax	837,114	3,508,184	(76)
Cash generated from operating activities	5,943,395	(1,746,457)	440
Shareholder's fund	21,444,040	20,970,926	2
Earnings per share (GH¢) Basic	0.030	0.125	(76)
PBT Margin (%)	2.3	11.0	(79)
PAT Margin (%)	1.9	8.2	(77)

Operating and Financial Review

Derivatives and other financial instruments

The Company'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 operations.

As part of the Company's treasury policy, the company entered into a forward foreign currency contract with Standard Chartered Bank Ghana Limited (SCB) to hedge against foreign currency volatility that impacts on its imported raw materials & finished products.

At the end of the year, there were contracts maturing 5/6/09 and 26/6/09 valued at US\$1,000,000. The effectiveness of these contracts was assessed and the gain or loss recognised in income statement.

Interest rate risk

The Company finances its operations from retained earnings, other instruments arising from its own operations and in some cases bank overdraft. The Company used bank overdraft facility during the financial year but has since February 2009, paid off the overdraft facility and now finances its operations from retained earnings and other associated company loans that do not attract interest.

Foreign currency risk

The Company has no overseas subsidiaries and export sales were not significant in 2008/09. The Company is however exposed to foreign currency volatility through imports. This is being managed via foreign currency hedging.

Introduction

PZ Cussons Ghana Limited recognises the importance of good corporate governance as a means of sustained long term viability of the business and therefore always seek to align the attainment of the business objectives with good corporate behaviour.

In line with the framework, mission, values and business principles mandated through the PZ Cussons Group corporate accountability committee, planning takes place and resources are allocated toward achievement of accountability, compliance and reporting standard. The business adopts standard accounting practices and ensures sound internal controls to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

Board of Directors

The Board is responsible for the Company's strategic development, monitoring of its business objectives and maintaining a system of effective corporate governance.

Audit Committee

The Audit Committee reviews the financial performance, risk management, compliance with policies and legislation, internal and external audit reports and business practices.

The Audit committee comprises two non-executive directors and one executive director.

Internal Control

PZ Cussons Ghana Limited has put in place an internal control system that enables the Company to respond appropriately to significant business, operational compliance and other risks to achieve its objectives.

Health and Safety

PZ Cussons Ghana Limited, continues to ensure that business activities are undertaken in a responsible manner and in accordance with relevant statutory legislation and that employees at all levels participate in the development, promotion and maintenance of a safe and healthy working environment.

Environment

PZ Cussons Ghana Limited ensures that manufacturing processes, facilities, distribution practices and products are designed to minimise the effect on the environment. With respect to the environment within which it operates, the Company continues to ensure that it complies with environmental legislation and regulations by assessing potential impact of the business and find effective ways of reducing them.



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 2009.



Parent company

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

Principal activities

The Company is engaged in business to manufacture as well as purchase, distribute and sell Soaps, Electrical appliances, Nutritional products, Cosmetics, and Pharmaceutical products for export and local consumption.

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

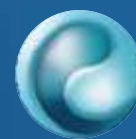
Financial Results

The financial results of the Company for the year ended 31 May 2009 are set out below:

	GH¢
Profit before income tax for the year is	1,006,846
from which is deducted income tax expense of	<u>(169,732)</u>
giving a profit after income tax for the year of	837,114
and to which is added surplus brought forward on income surplus account of	15,326,563
from which is deducted approved dividend of	(364,000)
and to which is added a transfer from capital surplus of	<u>18,789</u>
giving a surplus carried forward on income surplus Account of	<u>15,818,466</u>

Dividends

The directors recommended a dividend of **GH¢0.013** per share for the year ended 31 May 2008 (2007: GH¢0.011) which amounted to **GH¢364,000** (2007: GH¢294,000). The shareholders approved the proposed dividend for the year ended 31 May 2008 at an Annual General Meeting on 14 November 2008.



DIRECTORS' REPORT (continued)

Directors and their interests

The present membership of the Board is set out on pages 2. All directors served throughout the year. The directors' interests in the ordinary shares of the Company at 31 May 2009 were:

	2009	2008
	No of shares	No of shares
Felix Stephen Quachey	5,100	5,100

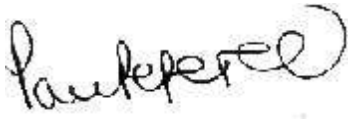
Directors' interests in contracts

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

Auditor

In accordance with Section 134 (5) of the Companies Code 1963, the auditor, Messrs PricewaterhouseCoopers, will continue in office as auditor of the Company.

BY ORDER OF THE BOARD:



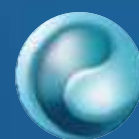
.....
Paul Kwabena Pepera
 Chairman
 Date: 15th July 2009



.....
James Berkeley Judson
 Director
 Date: 15th July 2009



STATEMENT OF DIRECTORS' RESPONSIBILITIES



The directors are responsible for preparing financial statements for each financial year 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 or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Code 1963 (Act 179).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Paul Kwabena Pepera
Chairman
Date: 15th July, 2009

James Berkeley Judson
Director
Date: 15th July, 2009



Paul Kwabena Pepera
CHAIRMAN



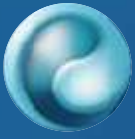
Charles B. Janney
HUMAN RESOURCE
DIRECTOR



James Berkeley Judson
MANAGING
DIRECTOR



Philips W. Daries
NON-EXECUTIVE
DIRECTOR



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PZ CUSSONS GHANA LIMITED

We have audited the accompanying financial statements of PZ Cussons Ghana Limited set out on pages 12 to 38. These financial statements comprise the balance sheet as at 31 May 2009, income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies Code 1963, (Act 179). These responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 May 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Code, 1963 (Act 179).



INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF PZ CUSSONS GHANA LIMITED (continued)



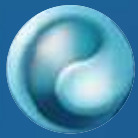
REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Code, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's balance sheet and profit and loss account are in agreement with the books of account.

**Chartered Accountants
Accra, Ghana**

..... 22nd July,, 2009
Micheal Asiedu-Antwi (101032)



PZ Cussons Ghana Limited
Financial statements
For the year ended 31 May 2009

BALANCE SHEET

(All amounts are expressed in Ghana cedis unless otherwise stated)

	Notes	2009	At 31 May 2008
ASSETS			
Non-current assets			
Property, plant and equipment	2	10,353,125	9,909,824
Investments	3	1,405,271	1,405,271
		11,758,396	11,315,095
Current assets			
Inventories	4	18,431,317	19,311,849
Trade and other receivables	5	5,673,417	7,016,899
Cash and bank		2,563,153	716,701
		26,667,887	27,045,449
Total assets		38,426,283	38,360,544
EQUITY			
Capital and reserves attributable to Company's equity holders			
Stated capital	6	1,160,000	1,160,000
Capital surplus account	7	4,465,574	4,484,363
Income surplus account	8	15,818,466	15,326,563
Total equity		21,444,040	20,970,926
LIABILITIES			
Current liabilities			
Trade and other payables	9	13,953,114	11,409,617
Borrowings	10	344,166	3,500,560
Current income tax	20	338,428	504,618
Dividend payable	11	747,903	444,064
		15,383,611	15,858,859
Non-current liabilities			
Borrowings	10	245,833	-
Deferred income tax	12	1,352,799	1,530,759
		1,598,632	1,530,759
Total liabilities		16,982,243	17,389,618
Total equity and liabilities		38,426,283	38,360,544

The financial statements on pages 12 to 38 were approved by the Board of Directors on 15 July 2009 and signed on its behalf by:

Paul Kwabena Pepera
Chairman

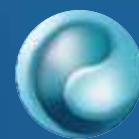
Date: 15th July 2009

James Berkeley Judson
Director

Date: 15th July 2009



PZ Cussons Ghana Limited
 Financial statements
 For the year ended 31 May 2009



INCOME STATEMENT

(All amounts are expressed in Ghana cedis unless otherwise stated)

		Year ended 31 May	2008
		2009	
Revenue	13	44,643,160	42,775,342
Cost of sales	14	<u>(33,378,169)</u>	<u>(29,810,490)</u>
Gross profit		11,264,991	12,964,852
Distribution costs	15	<u>(7,276,369)</u>	<u>(6,377,289)</u>
Administrative costs	16	<u>(2,804,627)</u>	<u>(2,276,627)</u>
Operating profit		1,183,995	4,310,936
Other income	17	<u>907,215</u>	<u>457,232</u>
Profit before finance costs		<u>2,091,210</u>	<u>4,768,168</u>
Net finance costs	18	<u>(1,084,364)</u>	<u>(61,490)</u>
Profit before income tax		<u>1,006,846</u>	<u>4,706,678</u>
Income tax expense	21	<u>(169,732)</u>	<u>(1,198,494)</u>
Profit after income tax for the year transferred to the income surplus account	8	<u><u>837,114</u></u>	<u><u>3,508,184</u></u>
Attributable to:			
Equity shareholders		<u><u>837,114</u></u>	<u><u>3,508,184</u></u>
Earnings per share (GH¢)			
Basic	28	<u><u>0.030</u></u>	<u><u>0.125</u></u>



PZ Cussons Ghana Limited Financial statements For the year ended 31 May 2009

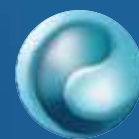
STATEMENT OF CHANGES IN EQUITY

(All amounts are expressed in Ghana cedis unless otherwise stated)

	Stated Capital	Capital surplus account	Income surplus account	Total
Year ended 31 May 2009				
At the beginning of the year	1,160,000	4,484,363	15,326,563	20,970,926
Profit for the year	-	-	837,114	837,114
Transfer	-	(18,789)	18,789	-
Approved dividend	-	-	(364,000)	(364,000)
At the end of the year	<u>1,160,000</u>	<u>4,465,574</u>	<u>15,818,466</u>	<u>21,444,040</u>
Year ended 31 May 2008				
At the beginning of the year	1,160,000	4,484,363	12,112,379	17,756,742
Profit for the year	-	-	3,508,184	3,508,184
Approved dividend	-	-	(294,000)	(294,000)
At the end of the year	<u>1,160,000</u>	<u>4,484,363</u>	<u>15,326,563</u>	<u>20,970,926</u>



PZ Cussons Ghana Limited
Financial statements
For the year ended 31 May 2009



CASH FLOW STATEMENT

(All amounts are expressed in Ghana cedis unless otherwise stated)

	Note	Year ended 31 May	
		2009	2008
Cash flows from operating activities			
Cash generated from/(used in) operations	23	7,541,641	(817,305)
Interest received	18	40,702	26,351
Interest paid	18	(1,125,066)	(87,841)
Tax paid	20	(513,882)	(867,662)
Net cash generated from/(used in) operating activities		<u>5,943,395</u>	<u>(1,746,457)</u>
Cash flows from investing activities			
Dividend received	17	353,063	103,673
Purchase of property, plant and equipment	2	(1,869,702)	(1,881,871)
Proceeds from sale of property, plant and equipment	2	517,337	4,800
Net cash used in investing activities		<u>(999,302)</u>	<u>(1,773,398)</u>
Cash flows from financing activities			
Net proceeds from intercompany loans	10	463,080	-
Finance lease repaid	10	(8,016)	(20,831)
Dividend paid	11	(60,161)	(64,705)
Net cash generated from/(used in) financing activities		<u>394,903</u>	<u>(85,536)</u>
Net increase/(decrease) in cash and cash equivalents		<u>5,338,996</u>	<u>(3,605,391)</u>
Cash and cash equivalents at 1 June		<u>(2,775,843)</u>	<u>829,548</u>
Cash and cash equivalents at 31 May	24	<u>2,563,153</u>	<u>(2,775,843)</u>



NOTES

1 Accounting policies PZ Cussons Ghana Limited

PZ Cussons Ghana Limited is involved in the manufacture, purchase and distribution of electrical appliances, nutritional products, personal & home care and health care products such as soaps, cosmetics and pharmaceutical products.

The Company is a limited liability company incorporated and domiciled in Ghana. The address of its registered office is Plot 27/3-27/7 Sanyo Road, Tema Heavy Industrial Area, P O Box 628, Tema, Ghana. The Company is listed on the Ghana Stock Exchange.

The Company adopted the following significant accounting policies in the preparation of these financial statements.

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention as modified by the revaluation of leasehold buildings and certain financial instruments to the extent required or permitted under IFRS and set out in the relevant accounting policies below. The financial statements are presented in Ghana Cedis (GH¢).

The preparation of financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

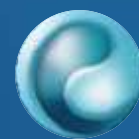
The more significant areas requiring the use of management estimates and assumptions relate to provisions and accruals made in respect of services received from suppliers and other related parties; and fair value of financial assets and liabilities which are deemed to approximate their carrying amounts due to their short maturity.

Estimates and 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. Other areas involving higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in 1.17.

1.2 Property, plant and equipment

Leasehold buildings (except for investment property) comprising mainly factories and offices are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.





NOTES | continued

1.2 Property, plant and equipment (continued)

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 and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and building are credited to capital surplus account in shareholders' equity. Decreases that offset previous increase of the same asset are charged against capital surplus account directly in equity: All other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from capital surplus account to income surplus account.

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees which are capitalised in accordance with the Company's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

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

Leasehold buildings	Over the life of the lease
Plant, machinery and equipment	10% to 33.3%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each balance sheet date.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) in the income statement.

When revalued assets are sold, the amounts included in capital surplus account are transferred to income surplus account.

1.3 Leases

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

NOTES | continued

1.3 Leases (continued)

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between financing charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

Property, plant and equipment acquired under finance leases are depreciated over the useful life of such assets. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

1.4 Investments

Investments are recognised and derecognised on a trade date when a purchase or sale of an investment is under a contract whose terms require delivery of the investment within time frame established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified as either held-to-maturity, held-for-trading, loans and receivables or available-for-sale. Held-to-maturity investments and loans and receivables are amortised cost. Held-for-trading and available-for-sale investments are measured at subsequent reporting dates at fair value. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

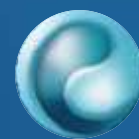
1.5 Impairment of non-financial assets

At each balance sheet date, the Company 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 of such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post tax discount rate that reflects current market assessment 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.





NOTES | continued

If the recoverable amount of an asset (or CGU) is estimated to be less than the carrying amount the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using standard costing method. Where actual costs differ from standard costs, variances arising are recognised in the income statement. The cost of finished goods comprises materials, direct labour and a share of production overheads appropriate to the relevant stage of production. Net realisable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

1.7 Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debt, probability the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognised in the income statement within “distribution costs”. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against “distribution costs” in the income statement.

1.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at bank and bank overdraft.

1.9 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events at the balance sheet date. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in provisions is recognised as an expense in the income statement.

1.11 Borrowings

Finance charges payable on settlement or redemption and direct costs, are accounted for on an accrual basis in the income statement using the effective interest rate method

NOTES | continued

and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1.12 Current and deferred income tax

Current income tax is the amount of tax payable on taxable profit for the year in accordance with the Income Tax Act, 2000 (Act 592).

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

1.13 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

1.14 Revenue recognition

Revenue is recognised upon dispatch of products and acceptance by the customer. Sales are shown net of discounts, Value Added Tax (VAT) and returns.

Revenue is recognised when the risks and rewards of the underlying product have been substantially transferred to the customer.

Other revenues earned by the Company are recognised on the following basis:

Interest income – on an accrual basis

Dividend income – when the Company's right to receive payment is established.

1.15 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary environment in which the Company operates (functional currency). The Company's functional currency is Ghana cedis (GH¢).

Transactions and balances

Other currency transactions are accounted for at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in currencies other than Ghana cedis at the balance sheet date are translated into Ghana cedis at the exchange rates ruling at that date. Gains and losses resulting from these translations are recognised in the income statement.





NOTES | continued

1.16 Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

1.16.1 Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as noncurrent assets. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet (notes 24).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other income/expenses – net' in the period in which they arise. Dividend income from

NOTES | continued

financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Company's right to receive payments is established.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Company's right to receive payments is established.

Equity securities for which values cannot be measured reliably are recognised at cost less impairment.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement

1.16.2 Derivative financial instruments

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates. The Company uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

The occasional use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles in the use of financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value at the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity, and any ineffective portion is recognised immediately in the income statement.

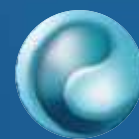
1.17 Critical accounting estimates and judgements

Critical accounting estimates and assumptions

Property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 1.2.





NOTES | continued

Income tax

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognised liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Revenue recognition

The Company recognises revenue generally at the time of delivery, which represents the point at which the significant risks and rewards of ownership are transferred to the customer, and when collection of the resulting consideration for those goods is reasonably assured. Should management consider that the criteria for recognition are not met, revenue is deferred until such time as the consideration has been fully earned. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable net of discounts, rebates and sales-related taxes but including interest receivable on sales on extended credit and income from provision of technical services and agreements. Dividend income from investment is recognised when the right to received payment is established.

Critical judgements in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgement in determining:

- the classification of non-current assets;
- whether assets are impaired; and
- provisions and contingent liabilities.

1.18 Standards and interpretations

(a) Standards, amendments and interpretations effective on 1 January 2008 and after but not relevant

- IFRIC 11, IFRS 2 - *Group and treasury share transactions* - Effective for annual periods commencing on or after 1 January 2008;
- IFRIC 12 - *Service concession arrangements* - Effective for annual periods commencing on or after 1 January 2008; and
- IFRIC 14, IAS 19 - *The limit on a defined benefit asset, minimum funding requirements and their interaction* - Effective for annual periods commencing on or after 1 January 2008.

(b) Standards and amendments to existing standards that are not effective on 1 January 2008 and have not been early adopted by the Company

- IAS 39 Amendment - *Financial Instruments: Recognition and Measurement* - Effective for annual periods commencing on or after 1 July 2008;
- IAS 1 Amendment - *Presentation of financial statements* - Effective for annual periods commencing on or after 1 January 2009;

NOTES | continued

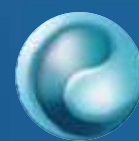
- IAS 1 (Revised) - *Presentation of financial statements* - Effective for annual periods commencing on or after 1 January 2009; and
- IAS 23 (revised) - *Borrowing costs* - Effective for annual periods commencing on or after 1 January 2009

(C) Standards, amendments and interpretations that are not yet effective and not relevant to the Company's operations

The following interpretations are mandatory for accounting periods beginning on or after 1 July 2008 or later periods but are not relevant for the Company's operations:

- IFRIC 13 - *Customer Loyalty Programmes* - Effective for annual periods commencing on or after 1 July 2008;
- IFRIC 15 - *Agreements for the Construction of Real Estate* – Effective 1 January 2009.
- IFRIC 16 - *Hedges of a Net Investment in a Foreign Operation* - Effective 1 October 2008;
- IFRS 8 - *Operating segments* - Effective for annual periods commencing on or after January 2009;
- IFRS 1 (Amendment) - *First Time Adoption of IFRS and IAS 27, Consolidated and separate financial statements* - Effective for annual periods commencing on or after January 2009.
- IFRS 2 (Amendment) - *Share based payment* - Effective for annual periods commencing on or after 1 January 2009.
- IFRS 3 (Revised) - *Business Combinations* - Effective for annual periods commencing on or after 1 July 2009.
- IAS 27 (Revised) - *Consolidated and separate financial statements* - Effective for annual periods commencing on or after 1 July 2009; and
- IFRIC 18 - *Transfers of assets from customers* - Effective for annual periods commencing on or after 1 July 2009.





NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

2. Property, plant and equipment

	Leasehold Buildings	Plant, machinery & equipment	Motor vehicles	Assets under construction	Total
At 1 June 2007					
Cost or valuation	5,234,445	6,595,311	586,293	281,206	12,697,255
Accumulated depreciation	(807,140)	(2,517,825)	(244,052)	-	(3,569,017)
Net book amount	<u>4,427,305</u>	<u>4,077,486</u>	<u>342,241</u>	<u>281,206</u>	<u>9,128,238</u>

Year ended 31 May 2008

Opening net book amount	4,427,305	4,077,486	342,241	281,206	9,128,238
Additions	280,701	609,182	244,566	747,422	1,881,871
Transfers	36,553	244,517	-	(281,070)	-
Disposals	-	-	-	-	-
Depreciation charge	(274,071)	(670,217)	(155,997)	-	(1,100,285)
Closing net book value	<u>4,470,488</u>	<u>4,260,968</u>	<u>430,810</u>	<u>747,558</u>	<u>9,909,824</u>

At 31 May 2008

Cost or valuation	5,551,699	7,449,010	821,782	747,558	14,570,049
Accumulated depreciation	(1,081,211)	(3,188,042)	(390,972)	-	(4,660,225)
Net book amount	<u>4,470,488</u>	<u>4,260,968</u>	<u>430,810</u>	<u>747,558</u>	<u>9,909,824</u>

Year ended 31 May 2009

Opening net book amount	4,470,488	4,260,968	430,810	747,558	9,909,824
Additions	632,426	439,240	408,651	389,385	1,869,702
Transfers	134,784	603,069	-	(737,853)	-
Disposals	(18,951)	(826)	(19,003)	-	(38,780)
Depreciation charge	(295,235)	(844,535)	(247,851)	-	(1,387,621)
Closing net book value	<u>4,923,512</u>	<u>4,457,916</u>	<u>572,607</u>	<u>399,090</u>	<u>10,353,125</u>

At 31 May 2009

Cost or valuation	6,296,409	8,474,811	1,135,523	399,090	16,305,833
Accumulated depreciation	(1,372,897)	(4,016,895)	(562,916)	-	(5,952,708)
Net book amount	<u>4,923,512</u>	<u>4,457,916</u>	<u>572,607</u>	<u>399,090</u>	<u>10,353,125</u>



NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

2. Property, plant and equipment (continued)

	<u>Year ended 31st May</u>	
	2009	2008
Cost - capitalised finance leases	<u>40,414</u>	40,414
Accumulated depreciation	<u>(10,275)</u>	(6,234)
	<u>30,139</u>	<u>34,180</u>
Profit on disposal of property, plant and equipment		
Cost	<u>133,919</u>	9,077
Accumulated depreciation	<u>(95,139)</u>	(9,077)
Net book value	<u>38,780</u>	-
Sale proceeds	<u>(517,337)</u>	(4,800)
Profit on disposal	<u>(478,557)</u>	<u>(4,800)</u>

Depreciation charge

Depreciation has been charged in income statement as follows:

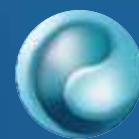
Cost of sales	<u>810,118</u>	717,316
Distribution costs	<u>138,624</u>	99,854
Administrative costs	<u>438,879</u>	283,115
	<u>1,387,621</u>	<u>1,100,285</u>

3. Investments

	2009	2008
Norpalm Ghana Limited	<u>1,405,271</u>	<u>1,405,271</u>

Non-current asset investments comprise a 31% shareholding of the share capital of Norpalm Ghana Limited, an oil palm plantation company incorporated in Ghana. The Company does not exercise significant influence over the affairs of Norpalm Ghana Limited as it does not have the power to participate in the financial and operating policies of the entity, and is therefore not treated as an associated company. The directors consider the historical cost of the investment to be a representative of its fair value at both 31 May 2009 and 31 May 2008.





NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

4. Inventories

	At 31 May	
	2009	2008
Raw and packing materials	5,722,534	7,533,404
Finished products	9,960,894	10,530,296
Goods-in-transit	2,318,429	752,006
Engineering spares	429,460	496,143
	<u>18,431,317</u>	<u>19,311,849</u>

5. Trade and other receivables

Trade receivables	4,497,513	5,354,851
Amount due from officers and staff	31,724	29,583
Prepayments and accrued income	815,412	117,383
Sundry receivables	328,768	1,515,082
	<u>5,673,417</u>	<u>7,016,899</u>

The maximum amount of officers and staff indebtedness during the year did not exceed **GH¢38,000** (2008: GH¢35,000).

6. Stated capital

	Number of shares		Proceeds	
	2009 '000	2008 '000	2009	2008
Authorised:				
Ordinary Shares	<u>30,000</u>	<u>30,000</u>	-	-
Issued:				
For cash	2,733	2,733	45,507	45,507
For consideration other than cash	25,267	25,267	914,938	914,938
Transferred from Capital surplus	-	-	199,555	199,555
	<u>28,000</u>	<u>28,000</u>	<u>1,160,000</u>	<u>1,160,000</u>

There is no unpaid liability on shares. There are no treasury shares. There are no calls or instalments unpaid.

7. Capital surplus account

	2009	2008
At 1 June	4,484,363	4,484,363
Transfer to income surplus	(18,789)	-
At 31 May	<u>4,465,574</u>	<u>4,484,363</u>

NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

8. Income surplus account

	At 31 May	
	2009	2008
At 1 June	15,326,563	12,112,379
Net profit for the year	837,114	3,508,184
Transfer from capital surplus	18,789	-
Dividend approved	(364,000)	(294,000)
	<u>15,818,466</u>	<u>15,326,563</u>

9. Trade and other payables

Trade payables	1,251,141	1,301,881
Amount due to related parties (Note 22)	12,172,031	9,336,706
Accruals and deferred income	216,761	23,989
Sundry payables	313,181	747,041
	<u>13,953,114</u>	<u>11,409,617</u>

10. Borrowings

Current

Bank overdraft	-	3,492,544
Intercompany loan	344,166	-
Finance lease obligations	-	8,016
	<u>344,166</u>	<u>3,500,560</u>

Non - current

Intercompany loan	245,833	-
Total borrowings	<u>589,999</u>	<u>3,500,560</u>

(a) Bank Overdraft

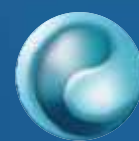
At the balance sheet date, the Company had approved unsecured overdraft facility with Standard Chartered Bank Ghana Limited not exceeding **GH¢4,000,000** (2008: 4,000,000).

(b) Related Party Loan

The Company secured an interest free unsecured loan facility of **US\$408,360** from PZ Cussons (Nigeria) Plc during the year to finance the rental charge for the new showroom for electrical products. The loan is to be repaid over a period of three years in thirty-six equal month installments commencing on 5 October 2008.

	At 31 May	
	2009	2008
At 1 June	-	-
Drawdown	463,080	-
Exchange loss	126,919	-
	<u>589,999</u>	-
Repayment	-	-
At 31 May	<u>589,999</u>	-
Amount payable within one year	344,166	-
Amount payable after more than one year	245,833	-
	<u>589,999</u>	-





NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

10. Borrowings (continued)

(c) Finance Lease Obligations

	<u>At 31 May</u>	
	2009	2008
The lease obligations are as follows:		
Gross finance lease liabilities – minimum lease payments:		
Not later than 1 year	-	8,387
Later than 1 year and no later than 5 years	<u>-</u>	<u>-</u>
	-	8,387
Future finance charges on finance leases	<u>-</u>	<u>(371)</u>
Present value of finance lease liabilities	<u>-</u>	<u>8,016</u>
The present value of finance lease liabilities is as follows:		
Not later than 1 year	<u>-</u>	8,016
Later than 1 year and no later than 5 years	-	-
	<u>-</u>	<u>8,016</u>

11. Dividends payable

At 1 June

	444,064	214,769
Payment during the year	(60,161)	(64,705)
Approved during the year	364,000	<u>294,000</u>
At 31 May	<u>747,903</u>	<u>444,064</u>

12. Deferred income tax

The gross movement on deferred income tax account is as follows:

At 1 June	1,530,759	1,451,351
(Credit)/charge to income statement	(177,960)	<u>79,408</u>
At 31 May	<u>1,352,799</u>	<u>1,530,759</u>

Deferred income tax liabilities

	Accelerated Tax depreciation	fair value gains	Others	Total
At 1 June 2007	1,131,183	320,168	-	1,451,351
Charged to income statement	<u>34,380</u>	-	<u>45,028</u>	<u>79,408</u>
At 31 May 2008	1,165,563	320,168	45,028	1,530,759
Charge/(credit) to income statement	<u>436,623</u>	<u>(320,168)</u>	<u>(294,415)</u>	<u>(177,960)</u>
At 31 May 2009	<u>1,602,186</u>	<u>-</u>	<u>(249,387)</u>	<u>1,352,799</u>

NOTES (continued)
(All amounts are expressed in Ghana cedis unless otherwise stated)**13. Revenue**

Revenue is recognised on dispatch and customer acceptance of goods. Revenue comprises the value of goods and services invoiced to third parties less VAT, discounts, commissions and returns.

	Year ended 31 May	
	2009	2008
Revenue by type		
Sale of goods	<u>44,643,160</u>	<u>42,775,342</u>
Revenue by customer		
Third parties	44,643,160	40,894,342
Related parties (note 22)	-	1,881,000
	<u>44,643,160</u>	<u>42,775,342</u>
Revenue by type of sales		
Export sales	2,305,044	2,813,344
Local sales	<u>42,338,116</u>	<u>39,961,998</u>
	<u>44,643,160</u>	<u>42,775,342</u>

14. Cost of sales

Cost of goods sold comprises raw materials, conversion costs and materials sourcing expenses.

Cost of sales include:

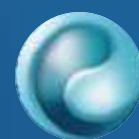
Depreciation on factory buildings and plant and machinery	810,018	717,316
Staff costs	<u>1,903,697</u>	<u>1,897,249</u>

15. Distribution costs

Selling and distribution costs include:

Advertising and promotion	1,699,257	1,621,289
Staff costs	1,012,130	902,875
Depreciation	138,624	99,854
Royalties and technical service fees	914,664	928,193
Provision for impairment on trade receivables	<u>389,051</u>	<u>169,278</u>





NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

16. Administrative costs

	<u>Year ended 31 May</u>	
	2009	2008
Administrative expenses include:		
Depreciation	438,879	283,115
Staff costs	809,069	625,877
Auditor's remuneration	26,971	17,021
Directors' remuneration	129,169	107,898
Donation	19,233	10,532
	<u>907,215</u>	<u>457,232</u>

17. Other income

Dividend income	353,063	103,673
Profit on disposal of property, plant and equipment (note 2)	478,557	4,800
Rental income	-	1,218
Sundry income	75,595	347,541
	<u>907,215</u>	<u>457,232</u>

18. Net finance costs

Interest income	40,702	26,351
Interest on overdrafts	(1,125,066)	(84,206)
Interest on finance lease	-	(3,635)
Finance costs	(1,125,066)	(87,841)
Net finance costs	<u>(1,084,364)</u>	<u>(61,490)</u>

19. Staff cost

Staff costs are charged to cost of sales, distribution costs and administrative costs as shown below:

	2009	2008
a) Cost of sales		
Remuneration to employees	1,695,293	1,728,850
Post employment benefits – defined contribution	74,916	55,896
Social security costs	133,488	112,503
	<u>1,903,697</u>	<u>1,897,249</u>
b) Distribution costs		
Remuneration to employees	890,234	821,567
Post employment benefits – defined contribution	43,094	27,434
Social security costs	78,802	53,874
	<u>1,012,130</u>	<u>902,875</u>

NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

19. Staff cost (continued)

	Year ended 31 May	
	2009	2008
c) Administrative costs		
Remuneration to employees	716,964	583,875
Post employment benefits – defined contribution	31,997	14,328
Social security costs	60,108	27,674
	<u>809,069</u>	<u>625,877</u>

The number of employees at year end was 647 (2008: 632).

20. Current income tax

Year of assessment	At 01/06/08	Payments during the year	Charge for the year	At 31/05/09
Capital gains tax				
2008	-	-	23,980	23,980
Corporation tax				
2009	-	(99,069)	323,712	224,643
2008	490,449	(414,813)	-	75,636
2007	18,063	-	-	18,063
2006	(3,894)	-	-	(3,894)
	<u>504,618</u>	<u>(513,882)</u>	<u>347,692</u>	<u>338,428</u>

All tax liabilities are subject to the agreement of the Internal Revenue Service.

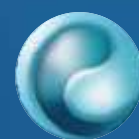
21. Income tax expense

The income tax expense in the income statement comprise:

	2009	2008
Current income tax (Note 20)	347,692	1,119,086
Deferred income tax (Note 12)	(177,960)	79,408
	<u>169,732</u>	<u>1,198,494</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits. This is explained as follows:





NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

21. Income tax expense

	Year ended 31 May	
	2009	2008
Profit before income tax	<u>1,006,846</u>	<u>4,706,678</u>
Tax calculated at statutory income tax rate of 25%	<u>251,712</u>	<u>1,176,670</u>
Tax effect of:		
Income not subject to tax	-	(6,411)
Profit on export sales taxed at a lower rate	(10,044)	(51,285)
Dividend income taxed at a lower rate	(60,021)	(17,624)
Profit on sale of building taxed at lower rate	(95,711)	-
Expenses not deductible for tax purposes	42,059	48,637
Other permanent differences	<u>41,737</u>	<u>48,507</u>
	<u>169,732</u>	<u>1,198,494</u>
Effective tax rate	<u>17%</u>	<u>25%</u>

22. Related party transactions

The Company is controlled by PZ Cussons Plc (incorporated in the United Kingdom), which owns 90.24% of the Company's share capital. The remaining 9.76% are widely held.

The following transactions were carried out with related parties during the year:

	2009	2008
Purchases of goods and services:		
PZ Cussons International Limited, Manchester	10,915,727	8,726,671
PZ Industries (Nigeria) Plc	11,271,845	11,042,032
PT PZ Cussons Indonesia	965,325	114,477
PZ Cussons (Thailand) Limited	661,253	606,384
FC Limited	<u>727,907</u>	<u>-</u>
Sale of goods:		
PZ (Nigeria) Plc	<u>-</u>	<u>1,881,000</u>

Year end payable balances arising from related party transactions are as follows:

	At 31 May	
	2009	2008
PZ Cussons International Limited - Purchases	3,379,492	4,034,890
PZ Cussons International Limited - Royalties/Technical fees	3,782,056	2,867,392
PZ Cussons International Limited - Loan and purchases	1,015,692	1,015,692
PZ Cussons International Limited - Third Party Dividend	47,121	9,153
PZ Cussons (Nigeria) Plc- Purchases	3,068,929	1,153,599
PT PZ Cussons Indonesia- Purchases	318,677	122,324
PZ Cussons (Thailand) Ltd- Purchases	428,604	-
PZ Cussons East Africa Limited- Purchases	-	3,923
FC Limited- Purchases	<u>131,460</u>	<u>129,733</u>
	<u>12,172,031</u>	<u>9,336,706</u>
Year end related party loan balance		
PZ Cussons (Nigeria) Plc	<u>589,999</u>	<u>-</u>

NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

23. Cash generated from/(used in) operations

	<u>Year ended 31st May</u>	
	2009	2008
Profit before income tax	1,006,846	4,706,678
Depreciation	1,387,621	1,100,285
Profit on disposal of property, plant and equipment	(478,557)	(4,800)
Dividend received	(353,063)	(103,673)
Interest income	(40,702)	(26,351)
Interest expense	1,125,066	87,841
Exchange loss adjustment on loan	126,919	-
Decrease/(increase) in inventories	880,532	(6,819,353)
Decrease/(increase) in trade and other receivables	1,343,482	(1,801,953)
Increase in trade and other payables	<u>2,543,497</u>	<u>2,044,021</u>
Cash generated from/(used in) operations	<u>7,541,641</u>	<u>(817,305)</u>

24. Cash and cash equivalents

Cash and cash equivalents comprise cash held and short term bank deposits with an original maturity of three months or less. The carrying amount of these approximate to their fair values. For the purposes of cash flow statements, the year end cash equivalents comprise the following:

	2009	2008
Bank and cash balances	2,563,153	176,701
Bank overdraft (Note 10)	-	(3,492,544)
	<u>2,563,153</u>	<u>(2,775,843)</u>

25. Financial risk management

The Company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

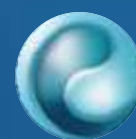
Risk management is carried out by the treasury department under PZ Cussons group policies and approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

25.1 Credit risk management

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 lend, trade finance, treasury leasing activities. The Company has dedicated standards, policies and procedures to control and monitor all such risks. Although the Company is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through credit control policy whereby credit sales are only made to established dealers. Strict control is exercised through the monitoring of cash received from customers and provision is made for specific doubtful debts accounts where necessary. The Company does not believe it is exposed to any material concentrations of credit risk.

The maximum exposure to credit risk by class of financial assets is shown below:

	<u>At 31 May</u>	
	2009	2008
Trade and other receivables (excluding prepayments and deferred income)	4,858,005	6,899,516
Bank balances (excluding cash in hand)	2,466,240	450,213
	<u>7,324,245</u>	<u>7,349,729</u>



NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

25. Financial risk management (continued)

25.2 Liquidity risk management

The Company maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cashflows are appropriately balanced and all funding obligations are met when due.

Maturity analysis of financial liabilities

All financial liabilities fall due for payment within twelve months with the exception of intercompany loan which fall due as shown in note 10.

Below is an analysis of the financial liabilities into the relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. Balances due within twelve months equals their carrying balances as the impact of discounting is not significant.

Maturity analysis of financial liabilities (continued)

	At 31 May 2009		At 31 May 2008	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Trade and other payables	13,953,114	-	11,409,617	-
Finance lease obligations	-	-	8,016	-
Bank overdraft	-	-	3,492,544	-
Inter company loan	344,166	245,833	-	-
	<u>14,297,280</u>	<u>245,833</u>	<u>14,910,177</u>	<u>-</u>

25.3 Market risk management

Market risk is the risk that movements in market rates, including foreign exchange rates, interest rates, equity and commodity prices will reduce the Company's income or the value of its portfolios. The management of market risk is undertaken using risk limits approved by the financial director under a delegated authority.

(i) Foreign exchange risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. However, apart from purchases, the Company only occasionally makes significant sales in currencies other than its functional currencies. Per the Company's treasury policy, the Company uses foreign currency forward contracts to manage these exposures.

(ii) Commodity price risk

The Company is exposed to commodity price risk. To manage its price risk arising from changes in crude palm oil and crude palm kernel, the Company has entered into a strategic alliance with Norpalm Ghana Limited for the purchase of palm oil and crude palm kernel. In addition, the Company hedges its invoices to deal with exposures arising from changes in commodity prices.

NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

25. Financial risk management (continued)

(iii) Interest rate risk

The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's long-term obligations with a floating interest rate. To manage this risk, the Company's policy is to contract for best interest rate borrowings when terms offered are attractive.

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The Company was not exposed to significant interest rate risk at the balance sheet date since it paid off its overdraft during the year and the loan it contracted from a related party was at a zero interest rate.

Fair values of financial assets and liabilities

In 2009, the Company used derivative instrument, a forward foreign exchange contract to hedge against foreign exchange volatility affecting foreign currency liabilities. As this is a cash flow hedge, the instrument was assessed for its effectiveness in achieving offsetting changes in fair value of the hedge items attributable to the hedge risk. The hedge at the end of the financial year was found to be effective and a loss of **GH¢44,100** recognised in the income statement. There were however no open derivative instruments at 31 May 2008.

In addition to the forward currency contract, other financial instruments utilised by the Company during the years ending 31 May 2009 and 31 May 2008 with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Current and non-current investments

In accordance with IAS 39 'Financial instruments: Recognition and measurement', unlisted investments are held in the Company balance sheet at cost because their fair value cannot be measured reliably due to the lack of quoted market prices.

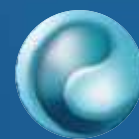
Current assets and liabilities

Financial instruments included within current assets and liabilities (excluding cash and borrowings) are generally short term in nature and accordingly their fair values approximate to their book values.

Borrowings and cash

The carrying values of cash and short-term approximate to their fair value because of the shortterm maturity of these instruments. The fair value of long term instrument at 31 May 2009 is estimated not to be materially different to its carrying value. The financial instruments held by the Company do not either individually or as a class, create a potentially significant exposure to market, credit, liquid or cash flow interest rate risk.





NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

25. Financial risk management (continued)

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in an arms-length transaction between willing parties. The estimated values of the Company's financial instruments are:

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade and other receivables	5,673,417	5,673,417	7,016,899	7,016,899
Cash and bank	<u>2,563,153</u>	<u>2,563,153</u>	<u>716,701</u>	<u>716,701</u>
Financial liabilities				
Trade and other payables	13,953,114	13,953,114	11,409,617	11,409,617
Borrowings (including bank Overdrafts)	<u>589,999</u>	<u>589,999</u>	<u>3,500,560</u>	<u>3,500,560</u>

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to other stakeholders and to maintain optimal capital structure to reduce cost of capital.

The Company maintains an optimal capital structure by controlling the amount of dividends paid to shareholders and sourcing from companies within the PZ Cussons Plc group on negotiated credit terms.

26. Segmental Reporting

PZ Cussons Ghana Limited operates mainly in Ghana under a single management. The company therefore considers its operation as one unit and has no segments as such. The business operates in four key categories, Personal Care, Home Care, Nutrition and Electricals. These categories are managed by a single management team with support structures. Reporting the financial segments along categories will involve very subjective allocation of cost which will not give meaningful information for decision making.

NOTES (continued)

(All amounts are expressed in Ghana cedis unless otherwise stated)

27. Post employment benefits

The Company has a defined contribution scheme by which statutory contributions are made to the Social Security Fund (SSF) on behalf of employees. The employee and the employer contribute 5% and 12.5% respectively to the fund.

In addition, the Company contributes 7% whilst employees contribute 7% into a separate Provident Fund on behalf of employees. For the year ended 31 May 2009 the Company contributed **GH¢150,008** (2008: GH¢92,126) into the fund.

28. Earnings per ordinary share

The Company's basic earnings per share was calculated by dividing the earnings attributable to ordinary shareholders by the number of ordinary shares as at 31 May 2009.

	2009	2008
Profit after income tax for the year	837,114	3,508,184
Number of shares as at 31 May 2009 (in '000)	28,000	28,000
Earnings per share (GH¢)	0.030	0.125
Dividends per share (GH¢)	0.013	0.011

29. Contingent liabilities

There were no contingent liabilities at 31 May 2009 (2008: nil).

30. Capital commitments

There were no capital commitments at 31 May 2009 (2008: nil).

31. Events after the balance sheet date

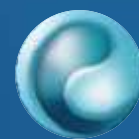
There were no significant events after the balance sheet date that needs to be disclosed.

32. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 15 July 2009

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SHAREHOLDERS' INFORMATION

1) Number of shareholders

The number and distribution of Ordinary Shareholders with equal voting rights as at 31 May 2009 was as shown below:

Holdings	No. of Holders	Total Holding	% Holdings
1 - 1,000	1,261	337,598	1
1,001 - 5,000	282	692,565	2
5,001 - 10,000	32	219,824	1
10,001 and above	<u>40</u>	<u>26,750,013</u>	<u>96</u>
	<u>1,615</u>	<u>28,000,000</u>	<u>100</u>

2) Details of 20 largest shareholders at 31 May 2009

Name of Shareholder	Shares held	(%) Holding
PZ Cussons PLC, U.K.	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
CEPS Junior Staff Provident Fund	25,436	0.09
BBGN/GBL Staff Provident Fund	24,951	0.09
BBGN/GBL Managers Pension 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
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
SCB Staff Provident Fund	14,920	0.05
Mr. D.C Amoako	<u>14,500</u>	<u>0.05</u>
Reported totals	26,516,633	94.70
Not reported	<u>1,483,367</u>	<u>5.30</u>
	<u>28,000,000</u>	<u>100.00</u>

3) Directors' shareholding

The directors named below held the following number of shares of the Company as at 31 May 2009

Felix Stephen Quachey	5,100
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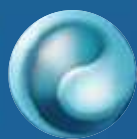
Nunu knows what kids need to grow up healthy and strong. That's why we fortify our milk with calcium, vitamins and minerals for strong teeth and bones. We also want Nunu kids to be smart, so we've added Choline, Vitamin B2 & Vitamin B 12, to boost brain development and concentration. Great tasting Nunu isn't only fun to drink, it helps you grow into a stronger and smarter kid.

Need my Nunu!



...Must be the milk.

pz
Cussons



PZ CUSSONS GHANA LIMITED

PROXY FORM FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT THE GHANA-INDIA KOFI ANNAN CENTER FOR EXCELLENCE IN ICT, RINGWAY ESTATES, ACCRA (NEAR THE GHANA INSTITUTE OF JOURNALISM) ON FRIDAY OCTOBER 9, 2009 AT 11 O'CLOCK IN THE FORENOON

I/We being member(s) of PZ CUSSONS GHANA LIMITED hereby appoint Or failing him/her the Chairman as my/our Proxy to vote for me/us, and on my/our behalf at the Annual General Meeting of the Company to be held on the **9th day of October, 2009** and at any and every adjournment thereof.

Ordinary business

In favour of | Against

<input type="checkbox"/>	<input type="checkbox"/>	1. The Resolution to adopt the Reports of the Directors, Auditor and the Financial Statements of the Company for the year ended May 31, 2009.
<input type="checkbox"/>	<input type="checkbox"/>	2. The Resolution to appoint Mrs. Helena Adu-Gyamfi as a Director of the Company.
<input type="checkbox"/>	<input type="checkbox"/>	3. The Resolution to re-elect Mr. Charles Benjamin Janney as a Director of the Company.
<input type="checkbox"/>	<input type="checkbox"/>	4. The Resolution to re-elect Mr. Phillip William Davies as a Director of the Company.
<input type="checkbox"/>	<input type="checkbox"/>	5. The Resolution to fix the remuneration of the Directors.
<input type="checkbox"/>	<input type="checkbox"/>	6. The Resolution to confirm the appointment of PricewaterhouseCoopers as Auditor of the Company and authorise the Directors to fix the remuneration of the Auditor.

Special Business

<input type="checkbox"/>	<input type="checkbox"/>	the Special Resolution to amend the Company's regulations to allow for the issuance of and or conversion to dematerialised securities.
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PLACE ✓ (TICK) IN APPROPRIATE BOX TO INDICATE CHOICE

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 6 under Ordinary Business AND 1 under Special Business above, the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

Signature of Shareholder

Signed this day of 2009.

PZ CUSSONS GHANA LIMITED

THIS PROXY FORM SHOULD **NOT** BE COMPLETED AND SENT TO THE REGISTERED OFFICE IF THE MEMBER WILL BE ATTENDING THE MEETING.

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the Form for the Chairman of the meeting to act as your Proxy but if you so wish, you may insert in the blank space 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 the Chairman.
3. In case of joint holders, each joint holder must sign.
4. If executed by a Corporation, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 4.00 p.m. on Wednesday, October 7, 2009.
6. The Proxy must produce the Admission Card with the Notice of the Meeting to obtain entrance to the meeting.



Family is about growth



Well Being



We grow together and share the good and bad times with those who matter most. It's about being there for one another and lending a helping hand wherever necessary. As we grow in size, we realize how fortunate we are to be surrounded by such exceptional people. Just like ROBB.

Feel good, stay healthy the  way.

