Berger Paints Nigeria Plc

First Quarter Financial Statement

31 March 2017

Contents

Corporate Information

Board of Directors:	Oladimeji Alo, PhD	- Chairman
	Peter Folikwe	- Managing Director
	Abi Allison Ayida	- Non - Executive Director
	Chief Musa Danjuma	- Non - Executive Director
	Nelson C. Nweke	- Non - Executive & Independent Director
	Oluwole O. Abegunde	- Non - Executive Director
	Sanjay Datwani (British)	- Non - Executive Director
	Engr. Patrick Nnamdi Buruche	- Non - Executive Director
	Adekunle Olowokande	- Non - Executive Director
	Raj S. Mangtani (Indian)	- Non - Executive Director

Company Secretary/Legal Advisor Oluseun Oluwole FCIS

Registered Office:
102, Oba Akran Avenue,
Ikeja, Industrial Estate
P.M.B. 21052, Ikeja, Lagos.

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Social Media Accounts
Website: www.bergerpaints.com.ng
Facebook: www.facebook.com/BergerPaintsNigeriaPlc
LinkedIn: www.linkedin.com/company/berger-paints-nigeria-plc
Twitter: www.twitter.com/BergerPaintsNig
Instagram: www.instagram.com/bergerpaintsnigeriaplc.
You Tube: www.youtube.com/channel/UCD_T-Wid299NWbfHxA4rGXg

NSE Trading Information

Trading Name:	Berger Paints Plc. (Berger)
Ticker Symbol:	Berger
Sector:	Industrial Goods
Sub Sector:	Building Materials
Market Classification:	Main Board

Registration Number: CAC RC: 1837

FRC Registration Number: FRC/2012/0000000000295

Registrars:
Meristem Registrars Limited
213, Herbert Macaulay Way, Adekunle, Yaba, Lagos.
P.O. Box 51585, Falomo, Ikoyi, Lagos
Tel: 8920491, 8920492, 01-2809250-3
Email: info@meristemregistrars.com
Website: www.meristemregistrars.com

Independent Auditor:
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street,
Victoria Island, Lagos
Tel: +234-1-2694660-4

Major Bankers:

Guaranty Trust Bank Plc	Skye Bank Plc
First Bank of Nigeria Plc	Zenith Bank Plc
First City Monument Bank Plc	UBA Plc

Financial Highlights

In thousands of naira

	31-Mar 2017	31-Mar 2016	%
Revenue	788,657	760,068	4
Gross profit	381,161	367,877	4
Operating profit	122,875	30,861	298
Profit before income tax	129,995	35,008	271
Profit for the period	88,396	23,805	271
Share capital	144,912	144,912	-
Total equity	2,734,177	2,611,135	5
Data per 50k share			
Basic earnings per share (kobo)	30	8	275
Declared dividend*			
Net assets per share (kobo)	9	9	-
Dividend per 50k share in respect of current year results only			
Dividend proposed (kobo)**	-	-	

Statement of Financial Position

In thousands of naira

	Notes	31 March, 2017	Audited 31 December, 2016
Assets			
Property, plant and equipment	11	1,903,677	1,866,843
Investment property	12	482,201	487,592
Available-for-sale financial assets	13	187,137	187,137
Total non-current assets		2,573,015	2,541,572
Inventories	14	667,808	569,475
Trade and other receivables	15	386,531	381,029
Deposit for imports	16	213,370	0
Prepayments and advances	17	76,099	123,240
Cash and cash equivalents	18	291,886	486,949
Total current assets		1,635,694	1,560,693
Total assets		**4,208,709**	**4,102,265**
Equity			
Share capital	19(a)	144,912	144,912
Share premium	19(b)	635,074	635,074
Fair value reserve	19(c)	64,400	64,400
Retained earnings		1,889,791	1,759,795
Total equity		2,734,177	2,604,181
Liabilities			
Loans and borrowings (non-current)	22	131,032	124,062
Deferred tax liabilities	9(e)	67,675	67,675
Total non-current liabilities		198,707	191,737
Loans and borrowings (current)	22	-	3,802
Current tax liabilities	9(d)	274,721	246,474
Trade and other payables	20	619,442	679,151
Deferred income	21	56,211	51,468
Dividend payable	24	325,452	325,452
Total current liabilities		1,275,826	1,306,347
Total liabilities		1,474,533	1,498,084
Total equity and liabilities		**4,208,709**	**4,102,265**

These financial statements were approved by the Board of Directors on 20 April 2017 and signed on its behalf by:

Peter Folikwe (FRC/2015/IMN/0000012628)
Managing Director

Modupe Oguntade (FRC/2014/ICAN/00000002246)
Head of Finance

The accompanying notes on pages 23 to 63 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the period ended,
In thousands of naira

	Notes	31-Mar 2017	31-Mar 2016
Revenue	4	788,657	760,068
Cost of sales	7(b)	(407,496)	(392,191)
Gross profit		381,161	367,877
Other income	5	11,728	15,788
Selling and distribution expenses	7(b)	(68,681)	(147,182)
Administrative expenses	7(b)	(201,333)	(205,622)
Operating profit		122,875	30,861
Finance income	6	7,119	9,538
Finance costs	6	0	(5,391)
Net finance (costs)/income		7,119	4,147
Profit before taxation		**129,995**	**35,008**
Income tax expense	9(a)	(41,599)	(11,203)
Profit for the period		**88,396**	**23,805**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Available-for-sale financial assets - net change in fair value	13	0	0
Related tax	9(b)	0	0
		0	0
Other comprehensive income for the period		0	0
Total comprehensive income		**88,396**	**23,805**
Earnings per share:			
Basic earnings per share (kobo)	10	30	8

The accompanying notes on pages 23 to 63 form an integral part of these financial statements.

Statement of Changes in Equity
Attributable to equity owners of the company
For the period ended 31 March, 2017

In thousands of naira

	Note	Share capital	Share premium	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2017		**144,912**	**635,074**	**64,400**	**1,759,795**	**2,604,181**
Comprehensive income for the period						
Profit for the period		-	-	-	129,995	129,995
Other comprehensive income	9(b)	-	-	-	-	-
Total comprehensive income for the period		-	-	-	129,995	129,995
Transactions with owners, recorded directly in equity						
Dividend paid	24	-	-	-	-	-
Total transactions with owners		-	-	-	-	-
Balance at 31 March 2017		**144,912**	**635,074**	**64,400**	**1,889,791**	**2,734,177**
Balance at 1 January 2016		**144,912**	**635,074**	**54,188**	**1,753,156**	**2,587,330**
Comprehensive income for the period						
Profit for the period		-	-	-	23,805	23,805
Other comprehensive income	9(b)	-	-	-	-	-
Total comprehensive income for the period		-	-	-	23,805	23,805
Transactions with owners, recorded directly in equity						
Dividend paid	24	-	-	-	-	-
Total transactions with owners		-	-	-	-	-
Balance at 31 March 2016		**144,912**	**635,074**	**54,188**	**1,776,961**	**2,611,135**

The accompanying notes on pages 23 to 63 form an integral part of these financial statements.

Statement of cash flows

For the period ended,

In thousands of naira

	Note	31-Mar 2017	31-Mar 2016
Cash flows from operating activities			
Profit for the year		88,396	23,805
Adjustments for:			
- Depreciation	11(a) & 12	26,900	31,935
- Finance income	6	(7,119)	(9,538)
- Finance cost	6	-	5,391
- (Gain) / loss on sale of property, plants and equipment	7(a)	(4,160)	0
- Capital work-in-progress written-off	11	-	0
- Service cost on defined benefit obligation		-	0
- Curtailment gain on retirement benefit obligations		-	-
- Tax expense	9(a)	41,599	11,203
		145,616	62,796
Changes in:			
- Inventories		(98,333)	(75,894)
- Trade and other receivables	15(c)	(5,502)	35,769
- Deposit for imports		(213,370)	70,995
- Prepayments and advances		47,141	(158,293)
- Trade and other payables	20(d)	(59,709)	62,597
- Deferred income		4,743	77,909
Cash generated from operating activities		(179,414)	75,879
Retirement benefits paid		-	(5,166)
WHT credit notes utilized	9(d)	13,493	-
Tax paid	9(d)	0	0
Net cash generated from operating activities		(165,921)	70,713
Cash flows from investing activities			
Purchase of property plant and equipment	11(g)	(61,421)	(3,331)
Proceeds from sale of property, plant and equipment		25,162	0
Interest income on bank deposits	6	7,119	9,538
Net cash used in investing activities		(29,140)	6,207
Cash flows from financing activities			
Repayment of borrowings			(3,767)
Finance cost			(5,391)
Dividend paid	24	-	0
Net cash used in financing activities		0	(9,158)
Net (decrease) / increase in cash and cash equivalents		(195,061)	67,675
Cash and cash equivalents at 1 January		486,949	600,741
Cash and cash equivalents at 31 March	18	291,886	668,416

The accompanying notes on pages 23 to 63 form an integral part of these financial statements.

Notes to the financial statements

For the period ended 31 March 2017

Notes to the Financial Statements

For the year ended 31 March 2017

1 Reporting Entity

Berger Paints Nigeria Plc ("the Company") was incorporated in Nigeria as a private limited liability company in 1959 and was converted to a public liability company in 1973. Its registered office address is at 102, Oba Akran Avenue, Ikeja Industrial Estate, Ikeja, Lagos. The Company is listed on the Nigerian Stock Exchange.

The principal activities of the Company continue to be the manufacturing, sale and distribution of paints and allied products throughout the country and rent of investment property.

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011. The financial statements were authorised for issue by the Board of Directors on 23 March 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:
*Available-for- sale financial assets measured at fair value
*Non-derivative financial instruments initially measured at fair value and subsequently measured at amortised cost.

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company’s functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

(d) Use of estimates and judgment

In the preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policy and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note 3(O) and 27	Leases: whether an arrangement contains a lease
Note 3(D),(E),11 and 12	Determination of the useful life of leasehold land
Note 3(K) and 4	Recognition and measurement of revenue from rendering of services.
Note 28	Contingencies

Information about assumptions and estimation uncertainties that have most significant effects on amounts recognised in the financial statements is included in the following notes;

Note 2(E) and 26	Determination of fair values
Note 3(F) and 15	Impairment test: key assumptions underlying recoverable amounts,
Note 22 (A)	Determination of repayment cashflows in respect of the investment property development financing arrangement.

(e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1	–	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices).
Level 3	–	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 26 – Financial instruments- Fair values and financial risk management.

(f) Change in accounting estimate

During the year, the Company reviewed the estimated useful life of its leasehold land as unlimited on the basis that it is reasonably certain that the Government will usually renew the lease upon expiration and that the substance of the lease is that the Company has ownership of the land, not a right to use the land for a predefined period. This change in accounting estimate was applied prospectively in accordance with IAS 8 -{Accounting Policy and Changes in Accounting Estimates and Error.}

Further information on the impact of the change in accounting estimate is included in Note 3(D), 3(E), 11(f) and 12.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

A. Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to naira at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss .

B. Financial instruments

i. Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Subsequent to initial recognition, non-derivative financial assets are measured as described below:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables and cash & cash equivalents.

Cash and cash equivalents comprise cash in hand, cash balances with banks, and short term investments with maturities of three months or less from the date of acquisition, which are subject to an insignificant risk of change in value.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives financial assets that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed equities held by the Company that are traded in an active market are classified as AFS. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

ii. Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company has the following non-derivative financial liabilities: Trade & other payables, dividend payable and loans and borrowings. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities, for which the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date, are classified as non-current liabilities.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

C. Capital and other reserves

i. Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded as share premium. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii. Share premium

When the company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares is transferred to the share premium account. Any transaction costs associated with the share issues are deducted from share premium account, net of any related income tax benefits. The use of the share premium account is governed by S.120 (3) of the Companies and Allied Matters Act of Nigeria.

iii. Retained earnings

Retained earnings represents the Company's accumulated earnings since its inception, less any distributions to shareholders, and net of any prior period adjustments. A negative amount of retained earnings is reported as accumulated deficit.

iv. Fair value reserve

Fair value reserve comprises the cumulative net change in available-for-sale financial assets until the assets are derecognised or impaired.

D. Property, plant and equipment

i. **Recognition and measurement**

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Items of property, plant and equipment under construction are disclosed as capital work-in-progress.

If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

ii. **Subsequent cost**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on derecognition or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss in the statement of profit or loss and other comprehensive income.

iv. **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Capital work-in-progress is not depreciated.

The estimated useful lifes for the current and comparative periods are as follows:

• Buildings	–	20 years
• Plants and machinery		
- Fixed plant	–	12 years
- Movable plant	–	7 years
- Generators	–	5 years
• Motor vehicles		
- Trucks	–	6 years
- Official vehicles	–	4 years
• Furniture and equipment	–	8 years
• Computer equipment	–	2 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. As disclosed in Note 2(f), the Company reassessed the useful life of leasehold land from the lease period (99 years) to unlimited. Consequently, the Company discontinued the depreciation of leasehold land.

The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

E. Investment property

i. **Recognition and measurement**

An investment property is either land or a building or part of a building held by the Company to earn rentals or for capital appreciation or both.

Investment property is initially measured at cost, including transaction costs. Such cost does not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

The cost model is applied in accounting for investment property. The investment property is recorded at cost less any accumulated depreciation and impairment losses.

ii. **Subsequent expenditure**

The cost of replacing a part of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of investment property are recognised in profit or loss as incurred.

iii. **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the investment property which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Except for leasehold land, the estimated useful lifes for the current and comparative periods are as follows:

• Buildings	–	20 years
• Leasehold land	–	unlimited

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. As disclosed in Note 2 (f), the Company reassessed the useful life of leasehold land from the lease period (99 years) to unlimited. Consequently, the Company discontinued the depreciation of leasehold land.

iv. **Transfers**

Transfers to, or from, investment property are made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

Transfers to, or from, investment property does not change the carrying amount of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

F. Impairment

i. Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

For equity instrument classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. Where such evidence exists, the cumulative gain or loss that has been previously recognised in OCI and transferred to equity is removed from equity (through OCI) and recognised in profit or loss. Reversals of impairment of equity instruments are not recognised in the profit or loss. Subsequent increases in the fair value of equity instruments after impairment are recognised directly in OCI.

For debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets above. Reversals of impairment of debt instruments are recognised in the profit or loss.

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

G. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

H. Provisions

A provision is recognised, if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

I. Employee benefits

i. Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for all employees. The Company and its employees contribute a minimum of 10% and 8% of the employees annual basic salary, housing and transport allowances respectively to the scheme. Employee contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to profit and loss.

On 1 January 2016, the Company increased the employer contributions to the scheme to 15% of employee's annual basic salary, housing and transport allowances.

ii. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided in profit or loss.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

iii. Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

J. Inventories

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

Raw materials, non-returnable packaging	–	purchase cost on a weighted average basis including transportation and applicable clearing charges.
Finished products and products-in-process	–	weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and selling expenses.

K. Revenue

i. Sale of goods

Revenue from the sale of goods in the course of ordinary activities represents sale of paints and allied products and is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates.

Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

ii. Rendering of service - supply and apply services contract

Supply and apply services contract revenue results from rendering painting services to customers. These services are rendered based on specifically negotiated contracts with the customers.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a service can be estimated reliably, then contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

iii. Investment property rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other properties are recognised as other income.

L. Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and reclassification of net gains previously recognised in OCI. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established.

Finance costs comprise interest cost on defined benefit obligation, interest expense on financial liabilities and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

M. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax includes company income tax, tertiary education tax and capital gains tax.
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is recognised in profit or loss account except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

N. Earnings per share

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

O. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

ii. Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

iii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

P. Statement of cashflows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividend paid to ordinary shareholders are included in financing activities while finance income received is included in investing activities.

Q. Operating Segment

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

All operating segments' operating results are reviewed regularly by the Management Committee, which is considered to be the chief operating decision maker for the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Management Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

R. Dividends

Dividend payable is recognised as a liability in the period in which they are declared and the shareholders right to receive payment has been established.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with section 385 of the Companies and Allied Matters Act of Nigeria are written back to retained earnings.

S. Prepayments and advances

Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods or services. They are recognized when the Company expects to receive future economic benefits equivalent to the value of the prepayment. The receipt or consumption of the goods or services results in a reduction in the prepayment and a corresponding increase in expenses (assets) for that reporting period.

T. Deposit for imports

Deposit for imports are non-financial assets which result when letters of credit are opened with the bank for the importation of raw materials and plant and machinery. They are recognized when the Company expects to receive future economic benefits equivalent to the value of the deposit made.

U. Investment in subsidiary

Subsidiaries are entities controlled by the Company. Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company’s statement of financial position. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognized in profit or loss. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognized in profit or loss.

V. Related parties

Related parties include the Company's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Related parties transactions of similar nature are disclosed in aggregate except where separate disclosure is necessary for understanding of the effects of the related party transactions on the financial statements of the entity.

W. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretation are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The extent of the impact of these standards is yet to be determined. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

- **Amendments to IAS 7 Disclosure Initiative- effective for periods beginning 1 January 2017**
  The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This inlcudes providing a reconciliation between the opening and closing balances arising from financing activities
  The Company will adopt the amendments for the year ending 31 December 2017.

- **Amendments to IAS 12 Disclosure Initiative- effective for periods beginning 1 January 2017**
  The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
  The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.
  Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

  Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

  The amendment is not expected to have any significant impact on the financial statements of the Company. The Company will adopt the amendments for the year ending 31 December 2017.

- **IFRS 9- Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted).**
  On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments : Recognition and Measurement.*

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

  The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 9 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

- **IFRS 15 Revenue from Contracts with Customers- effective for annual periods beginning 1 January 2018 .**
  This standard replaces IAS 11 *Construction Contracts* , IAS 18 *Revenue* , IFRIC 13 *Customer Loyalty Programmes* , IFRIC 15 *Agreements for the Construction of Real Estate* , IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services.*
  The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
  This new standard will most likely have a significant impact on the Group (or Company), which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

– **IFRS 16- Leases effective for annual periods beginning 1 January 2019**

IFRS 16 replaces IAS 17 *Leases* , IFRIC 4 *Determining whether an Arrangement contains a Lease* , SIC-15 *Operating Leases – Incentives and* SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

a. assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

b. depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2019

X. New currently effective requirement

New IFRS Standards and amendments to existing standards that became effective for annual periods commencing on 1 January 2016 have been applied in preparing the financial statements and resulted in additional disclosures (where applicable) but had no significant impact on the amounts and disclosures on this financial statement. The new IFRS standard and amendements to existing standards is as follows:

- *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*
- *Disclosure Initiative (Amendments to IAS 1)*

4 Revenue

Revenue for the year comprises:	31-Mar	31-Mar
In thousands of naira	2017	2016
Sale of paints and allied products	788,198	760,068
Contract revenue	459	0
Investment property rental income	-	0
	788,657	760,068

Nigeria is the Company's primary geographical segment as all sales in the current and prior year were made in the country.

5 Other income

Other income comprises:	31-Mar	31-Mar
In thousands of naira	2017	2016
Sale of empty drums	635	1,016
Sale of scrap	455	3,658
Rental income on property subleases	6,139	7,940
Profit from disposal of property, plant and equipment	4,160	500
Curtailment gain on retirement benefit obligations	-	-
Income from business partners	0	-
Insurance claims received	100	2,470
Sale of diesel	239	204
	11,728	15,788

6 Finance income and finance cost

Recognized in profit or loss:	31-Mar	31-Mar
In thousands of naira	2017	2016
Interest income on bank deposits	7,119	9,538
Exchange gain	0	-
Unwinding of discount on financial liabilities measured at amortised cost	-	-
Finance income	7,119	9,538
Interest expense on short term borrowings	-	0
Interest cost on defined benefit obligation	-	0
Interest expense on financial liabilities measured at amortised costs.	-	(5,391)
Finance cost	-	(5,391)
Net finance (costs)/income recognised in profit or loss	7,119	4,147

7 Profit before tax

(a) Profit before tax is stated after charging/(crediting):

In thousands of naira	Note	31-Mar 2017	31-Mar 2016
Directors' emoluments	8(iv)	29,418	15,937
Depreciation	11(a) & 12	26,900	31,935
Personnel expenses	8(i)	278,398	35,495
Auditors' remuneration	7(b)	16,275	4,500
Profit on disposal of property, plant and equipment		(4,160)	500

(b) Analysis of expenses by nature

In thousands of naira	31-Mar 2017	31-Mar 2016
Directors emoluments	29,418	4,813
Personnel expenses	278,397	250,624
Training expenses	2,580	1,572
Repairs and maintenance	58,383	46,042
Office and corporate expenses	11,936	25,658
License and permits	5,777	7,499
Utilities	23,374	2,764
Insurance	6,996	3,553
Travel, transport and accommodation	8,850	3,595
Rent expenses	1,255	0
Subsription and donation	5,530	2,790
Depreciation	80,139	26,544
Printing and stationery	5,866	1,954
Legal and professional services fees	8,602	14,840
Auditors' remuneration (Note 7(a))	16,275	4,500
Bank charges	2,322	2,123
Advertisement and publicity	43,827	21,508
Raw materials and consumables	139,972	324,616
Supply and apply services contract expenses	0	0
	729,499	744,995
Summarised as follows;		
Cost of sales	407,496	392,191
Selling and distribution expenses	68,681	147,182
Administrative expenses	201,333	205,622
	677,510	744,995

8 Personnel expenses

(i) Personnel expenses, excluding executive directors during the period comprises:

In thousands of naira	31-Mar 2017	31-Mar 2016
Salaries, wages and allowances	267,893	250,624
Provision for gratuity - service cost	-	0
Employer contribution to compulsory pension fund scheme	10,505	31,207
	278,398	281,831

(ii) Number of employees of the Company as at period end, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

			31-Mar 2017	31-Mar 2016
₦		₦	Number	Number
1	-	500,000	-	0
500,001	-	1,000,000	46	50
1,000,001	-	1,500,001	68	93
1,500,001	-	2,000,001	43	29
2,000,001	-	3,000,001	14	13
3,000,001	and	above	20	16
			191	201

(iii) The number of persons employed as at period end are:

	31-Mar 2017	31-Mar 2016
	Number	Number
Production	41	48
Sales and marketing	60	63
Finance	15	14
Administration	12	12
Maintenance	10	11
Corporate	6	6
Procurement	4	2
Distribution	13	14
I.T.	4	4
Technical	14	15
Raw materials	12	12
	191	201

(iv) Remuneration (excluding pension contributions and certain benefits) paid to directors of the Company and charged to the profit or loss are as follows:

In thousands of naira	31-Mar 2017	31-Mar 2016
Fees paid to non-executive directors	5,058	2,850
Salaries	20,100	15,937
	25,158	18,787

The directors’ remuneration shown above includes:

In thousands of naira	31-Mar 2017	31-Mar 2016
Chairman	1,420	1,175
Highest paid director	9,500	9,500

Other directors received emoluments in the following ranges:

			31-Mar 2017	31-Mar 2016
₦		₦	Number	Number
Nil	-	1,000,000	7	6
1,000,001	-	8,000,000	1	1
			8	7

9 Taxation

a) The tax charge for the year has been computed after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes, and comprises:

In thousands of naira	31-Mar 2017	31-Dec 2016
Current tax expense:		
Company income tax	38,999	42,724
Capital gains tax	0	13,500
Tertiary education tax	2,600	4,322
	41,599	60,546
Back duty assessment	-	0
Charge for the year	41,599	60,546
Deferred tax expense:		
Origination and reversal of temporary differences (Note 9 (e))	-	(12,783)
	-	(12,783)
Income tax expense	**41,599**	**47,763**

b) Amounts recognised in other comprehensive income:

In thousands of naira	2017 Before tax	2017 Tax expense	2017 Net of tax	2016 Before tax	2016 Tax expense	2016 Net of tax
Fair value change on AFS financial assets	0	0	0	15,018	(4,806)	10,212
	0	0	0	15,018	(4,806)	10,212

c) Reconciliation of effective tax rate:

In thousands of naira

	%	2017	%	2016
Profit for the period		88,396		330,316
Taxation		41,599		234,896
Profit before income tax		129,995		565,212
Income tax using the Company's domestic rate of 30%	30	38,999	30	169,564
Tertiary education tax @ 2%	2	2,600	-	-
Tax effect of:				
- Non-deductible expenses	0		18	99,902
- Tax exempt income	0		(8)	(46,106)
- Tax incentives	0		(6)	(35,578)
- Effect of capital gains tax	0		-	-
- Other income related taxes			2	11,962
- Back duty assessment	-	-	6	35,152
Tax expense	32	41,599	42	234,896

d) The movement on the tax payable account during the period was as follows:

In thousands of naira

i. Current tax liabilities

	2017	2016
Balance, beginning of the year	264,022	108,210
Current period charge	41,599	190,963
Cash payments	0	(35,151)
WHT credit notes utilised	13,493	-
Balance, end of the period	319,114	264,022

ii. WHT credit notes

	2017	2015
Balance, beginning of the year	44,393	5,514
Additions		38,879
WHT credit notes utilised		-
	44,393	44,393
Balance, end of the period	274,721	219,629

e) Movement in deferred tax balances

In thousands of naira

				Balance at 31 March		
	Balance at 1 January	Recognised in profit or loss	Recognised in Other comprehensive income	Net	Deferred tax assets	Deferred tax liabilities
2017						
Property, plant and equipment	126,838	-	-	126,838	-	126,838
Provisions	(79,837)	-	-	(79,837)	(79,837)	-
Available-for-sale financial assets - net change in fair value	20,674	-		20,674	-	20,674
Net tax (assets)/ liabilities	67,675	-	-	67,675	(79,837)	147,512
2016						
Property, plant and equipment	152,912	(26,074)	-	126,838	-	126,838
Provisions	(93,128)	13,291	-	(79,837)	(79,837)	-
Available-for-sale financial assets - net change in fair value	15,868	-	4,806	20,674	-	20,674
Net tax (assets)/ liabilities	75,652	(12,783)	4,806	67,675	(79,837)	147,512

10 Basic earnings and declared dividend per share

(a) Basic earnings per share

Basic earnings per share of 30 kobo (2016: 8 kobo) is based on the profit for first quarter 2017 of ₦88 million (2016: ₦23 million) and on 289,823,447 (2016: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year

Basic earnings per share is the same as diluted earnings per share.

(b) Dividend declared per share

Dividend declared per share of 0.00 kobo (2016: 50 kobo) is based on total declared dividend of ₦-- million (2016: ₦147 million) on 289,823,447 (2016: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year.

11 Property Plant and equipment

(a) The movement on these accounts was as follows:

In thousands of naira

	Leasedhold Land	Building	Plant and Machinery	Office furniture and fittings	Motor Vehicles	Computer Equipment	Capital work--in-progress	TOTAL
Cost								
Balance at 1 January 2017	402,650	343,002	370,116	52,475	288,330	138,257	1,147,215	2,742,045
Additions	-	-	0	810	0	2,320	58,291	61,421
Transfers	-	-	(3,362)	285	(4,350)	(215)	-	(7,642)
Disposals	-	-	-	-	(7,300)	-	-	(7,300)
Balance at 31 March 2017	402,650	343,002	366,754	53,570	276,680	140,362	1,205,506	2,788,524
Accumulated depreciation								
Balance at 1 January 2017	79,183	186,631	208,343	42,927	224,193	133,925	-	875,202
Charge for the period	1,962	4,282	5,209	866	8,465	725	-	21,509
Transfers	(847)	464	(167)	221	(3,840)	(395)		(4,564)
Disposals					(7,300)		-	(7,300)
Balance at 31 March 2017	80,298	191,377	213,385	44,014	221,518	134,255	-	884,847
Carrying amounts								
At 31 December 2016	323,467	156,371	161,773	9,548	64,137	4,332	1,147,215	1,866,843
At 31 March 2017	322,352	151,625	153,369	9,556	55,162	6,107	1,205,506	1,903,677

(c) **Assets pledged as security**

No asset of the company was pledged as security for loan as at 31 March 2017 (2016: Nil)

(c) **Impairment of property, plant and equipment**

There are no indicators of impairment as at period end. Thus, the directors are of the opinion that allowance for impairment is not required. No impairment loss is recognised for the period (2016: Nil).

(d) **Capital commitments**

Capital expenditure commitments for first quarter 2017 authorised by the Board of Directors comprise:

In thousands on naira	31 March 2017	31 December 2016
Approved and contracted	5,319	26,090
Approved but not contracted	244,998	149,844
	250,317	175,934

(e) **Property, plant and equipment under construction**

Expenditure on capital work in progress during first quarter 2017 is analysed as follows:

In thousands on naira	31 March 2017	31 December 2016
Plant and machinery	21,657	714,060
Buildings	28,257	433,155
	49,914	1,147,215

(f) **Assets held on finance lease**

In thousands on naira	2017	2018	2019	2020	2021
Decrease in depreciation on property, plant and equipment	11,200	11,200	11,200	11,200	11,200
Decrease in depreciation on investment property	1,800	1,800	1,800	1,800	1,800
	13,000	13,000	13,000	13,000	13,000

(g) **Additions in statement of cash flows**

In thousands on naira	2017	2016
Additions (Note 11(a))	61,421	996,778
Accrued additions to PPE	-	(7,400)
	61,421	989,378

12 Investment property

The movement on these accounts was as follows:

In thousands of naira	31-Mar 2017	31-Dec 2016
Cost		
Balance at 1 January	604,468	604,468
Balance at 31 March	604,468	604,468
Accumulated depreciation		
Balance at 1 January	116,876	95,311
Charge for the period	5,391	21,565
Balance at 31 March	122,267	116,876
Carrying amounts	482,201	487,592

Investment property comprises the Company's land and building at Abuja (hereinafter referred to as Berger Paints Plaza). The Company completed and commissioned the Berger Paints Plaza in November 2013. The Berger Paints Plaza is made up of 2,196 square meters of trade shops and offices available for commercial rent. The property has been leased to third parties and is managed on behalf of the Company by Gauge Construction Servicing Limited.

Each of the leases contains an initial non-cancellable period of one (1) year. No contingent rents are charged. During the period, the Company reassessed the useful life of leasehold land from 99 years to unlimited. The change in accounting estimate impacted the depreciation charge in the profit or loss by ₦1.8 million as disclosed in Note 11 (f).

13 Available-for-sale financial assets

This comprises the following:

In thousands of naira	31-Mar 2017	31-Dec 2016
Equity	161	161
Treasury bills	140,651	140,651
Money market instruments	46,325	46,325
	187,137	187,137

The movement on this account during the period was as follows:

Balance at 1 January	187,137	172,119
Fair value change on investments	0	15,018
Balance at 31 March	187,137	187,137

14 Inventories

In thousands of naira	31-Mar 2017	31-Dec 2016
Raw materials	385,373	353,115
Work-in-progress	41,560	16,439
Finished goods	256,865	216,405
Engineering spares and consumables	16,268	15,774
	700,066	601,733
Impairment allowance	(32,258)	(32,258)
	667,808	569,475

15 Trade and other receivables

(a) *In thousands of naira*

	31-Mar 2017	31-Dec 2016
Trade receivables	157,431	204,319
Staff debtors	7,440	4,295
Accrued income	2,633	2,633
Deposit with company registrar	160,369	160,369
Outstanding balance on proceeds of disposal	98,547	98,547
Other receivables	52,893	3,648
Gross trade and other receivables	479,313	473,811
Impairment allowance	(92,782)	(92,782)
	386,531	381,029

The Company's exposure to credit and currency risks related to trade and other receivables is disclosed in Note 26.

(b) The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

In thousands of naira	31-Mar 2017	31-Dec 2016
Balance at 1 January	92,782	128,286
Impairment loss recognised	-	6,243
Trade receivables written off	-	(41,747)
Balance at 31 March	92,782	92,782

(c) Reconciliation of changes in trade and other receivables included in statement of cash flows is as follows:

	31-Mar 2017	31-Dec 2016
Movement in trade and other receivables	(5,502)	(114,969)
Exchange gain (Note 6)	-	1,390
Changes in trade and other receivables per statement of cash flows	(5,502)	(113,579)

16 Deposit for imports

This represent amounts deposited with banks to fund letters of credit. These letters of credit are meant to finance the importation of an automated production line for the ongoing new factory construction. There was no deposit for imports in current period.

17 Prepayments and advances

In thousands of naira	31-Mar 2017	31-Dec 2016
Prepaid rent	676	2,300
Advance payment to suppliers	13,432	93,682
WHT receivables	44,067	18,291
Deposit for clearing charges	2,440	1,066
Prepaid insurance and others	15,484	7,901
	76,099	123,240

(a) Reconciliation of changes in prepayments and advances included in statement of cash flows is as follows:

	31-Mar 2017	31-Dec 2016
Movement in prepayment and advances	47,141	647,706
Movement in WHT credit notes	-	19,858
Changes in prepayment and advances per statement of cash flows	47,141	667,564

18 Cash and cash equivalents

In thousands of naira	31-Mar 2017	31-Dec 2016
Cash on hand	559	192
Balance with banks	216,977	252,907
Short term deposits with banks	74,350	233,850
	291,886	486,949

Included in cash and cash equivalents are short term bank deposits with maturities from thirty (30) days to three (3) months.

19 Capital and reserves

(a) Ordinary shares as at 31 December

In thousands of naira	31-Mar 2017	31-Dec 2016
Authorised 800,000,000 ordinary shares of 50k each	400,000	400,000
Issued and fully paid 289,823,447 ordinary shares of 50k each	144,912	144,912

(b) Share premium

In thousands of naira	31-Mar 2017	31-Dec 2016
At 1 January	635,074	635,074
At 31 March	635,074	635,074

(c) Fair value reserve

In thousands of naira	31-Mar 2017	31-Dec 2016
At 1 January	64,400	54,188
Fair value change on AFS investments	0	15,018
Related tax on gains on AFS investments (Note 9(b))	-	(4,806)
At 31 March	64,400	64,400

20 Trade and other payables

(a) Trade and other payables comprises:

In thousands of naira	31-Mar 2017	31-Dec 2016
Trade payables	100,781	151,033
Customer deposits for paints	136,894	115,767
Value Added Tax payable	(10,010)	1,008
Withholding Tax payable	31,895	32,327
PAYE payable	31,994	31,511
Short term employee benefits (Note (c))	148,604	163,721
Pension payable (Note (b))	20,186	18,175
Other non-income taxes	9,506	9,506
Accruals	108,409	121,979
Other payables	41,183	34,124
	619,442	679,151

The Company’s exposure to liquidity risks related to trade and other payables is disclosed in Note 26.

(b) ***Pension payable***

In thousands of naira	31-Mar 2017	31-Dec 2016
Balance at 1 January	18,175	4,443
Charge for the period	14,186	44,324
Payments	(17,488)	(30,592)
Balance at 31 March	14,873	18,175

(c) ***Short term employee benefits***

Short term employee benefits represents the balance of the discontinued gratuity scheme payable to employees currently in the employment of the Company. Employees are entitled to the balance accruing to them at any time on or before exit from the Company.

In thousands of naira	31-Mar 2017	31-Dec 2016
Balance at 1 January	163,721	182,140
Charge for the period	-	0
Benefits paid	(15,117)	(18,419)
Balance at 31 March	148,604	163,721

(d) Reconciliation of changes in trade and other payables included in statement of cash flows

In thousands of naira	31-Mar 2017	31-Dec 2016
Movement in trade and other payable	(59,709)	49,472
Accrued additions to PPE (Note 11(g))	-	(7,400)
Changes in trade and other payables per statement of cash flows	(59,709)	42,072

21 Deferred income

Deferred income represents advance rent received.

22 Loans and borrowings

In thousands of naira	31-Mar 2017	31-Dec 2016
Development financing arrangement	131,032	124,062
Short term borrowings	-	3,802
	131,032	127,864
Current	-	3,802
Non-current	131,032	124,062
	131,032	127,864

a) **Investment property development financing arrangement**

The Company engaged the services of Gauge Construction Servicing Limited ("the Contractor") for the construction, development and management of the Berger Paints Plaza based on a Memorandum of Understanding dated 20 March 2012. The consideration for the investment property development financing arrangement and the services provided by the Contractor is 50% of the rental collections in respect of the property, after the deduction of expenses incurred in the management of the property, for a period of 12 years from 1 November 2013 to 31 October 2025. The consideration is deemed to be the full and final satisfaction of all fees and money due to the contractor in respect of the arrangement. Accordingly, the Company's obligation to the Contractor is measured at amortised cost using the effective interest method and based on the estimated cashflows specified above.

The Company determines the repayment cash flows by estimating the occupancy, rentals and the expected collections in respect of operating leases of the trade shops and offices available for commercial rent over the remaining period.

b) **Short term borrowings**

These represent ex-staff members' entitlements which were converted to loans at an interest rate of 4%. The loans are inclusive of the accrued interest at the end of the reporting period.

23 Dividends

The following dividends were declared and paid by the Company for the period.

	Per share (kobo)	2017 N'000	Per share (kobo)	2016 N'000
Dividend	0	0	75	217,368

This represents the dividend proposed for the preceding year, but declared in the current period

After the respective reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

	31-Mar 2017 ₦'000	31-Dec 2016 ₦'000
Naira per qualifying ordinary shares	-	217,368

24 Dividend payable

In thousands of naira	31-Mar 2017	31-Dec 2016
At 1 January	325,452	270,568
Declared dividend	-	217,368
Payments	0	(162,484)
At 31 December	325,452	325,452

25 Related Parties

Related parties include the Company's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

A. Transactions with key management personnel

i) Key management personnel compensation

Key management personnel compensation comprised the following:

In thousands of naira	31-Mar 2017	31-Dec 2016
Short-term benefits	21,409	99,333
Post employment benefits	-	9,605
Termination benefits	-	0
	21,409	108,938

ii) Key management personnel transactions

Directors of the Company control 2% of the voting shares of the Company. A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Company during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

In thousands of naira	Transaction values for the period ended,		Balance outstanding as at…	
Transaction	31-Mar 2017	31-Dec 2016	31-Mar 2017	31-Dec 2016
Supply of raw materials*	24,614	130,560	4,377	24,998
Supply of raw materials**	0	8,906	1,459	8,906
Rental income*	0	2,842	-	-
Recruitment services***	1,176	3,549	-	1,029
Registrar's fees****	945	3,780	945	945

***** During the period, the Company bought various raw materials from Emychem Nigeria. Also, a portion of residential apartment rented at Wemabod Estate was sub-leassed to Emmychem. The managing director of Emmychem is Mr. Raj Mangtani who is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc. Amounts were billed based on normal market rates for such supplies and were due and payable under normal payment terms.

****** The Company bought various raw materials from Clayton Finance Limited. The managing director of Clayton is Mr. Sanjay Datwani who is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc. Amounts were billed based on normal market rates for such supplies and were due and payable under normal payment terms.

******* The Company engaged the services of Excel Professional Services Limited for the recruitment of certain management staff during the period. The Managing Director of the company is Dr. Oladimeji Alo, and he is also the chairman of the Board of Directors of Berger Paints Nigeria Plc. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

******** Meristem Registrars Limited acts as the Registrars for the Company during the period. The Group Managing Director of the company is Mr. Oluwole Abegunde, and he is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

B. Other related party transactions

The Company incorporated a subsidiary in Ghana, Lewis Berger Ghana Limited, on 23 October 2013. As at 31 March 2017, the subsidiary had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

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26 Financial instruments – Fair values and financial risk management

(a) **Classification of financial instruments and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2017	**Carrying Amount**		**Fair value**		
In thousands of naira	**Loans and receivables**	**Available-for-sale**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value					
Available-for-sale Investments					
- Equity	-	161	161	-	-
- Treasury bills	-	140,651	140,651	-	-
- Money market instruments	-	46,325	-	46,325	-
Financial assets not measured at fair value					
Trade and other receivables	386,531	-	-	-	-
Cash and bank balances	291,886	-	-	-	-
	678,417	187,137	140,812	46,325	-
Financial liabilities not measured at fair value					
Loans and borrowings	131,032	-	-	-	-
Trade and other payables*	535,872	-	-	-	-
Dividend payable	325,452	-	-	-	-
	992,356	-	-	-	-
31 December 2016					
Financial assets measured at fair value					
Available-for-sale Investments					
- Equity	-	161	161	-	-
- Treasury bills	-	140,651	140,651	-	-
- Money market instruments	-	46,325	-	46,325	-
Financial assets not measured at fair value					
Trade and other receivables	381,029	-	-	-	-
Cash and bank balances	486,949	-	-	-	-
	867,978	187,137	140,812	46,325	-
Financial liabilities not measured at fair value					
Loans and borrowings	127,864	-	-	-	-
Trade and other payables*	586,625	-	-	-	-
Dividend payable	325,452	-	-	-	-
	1,039,941	-	-	-	-

*Trade and other payables excludes statutory deductions such as Value Added Tax payable, Withholding Tax payable, PAYE payable, Pension payable and other non-income taxes payables.

(a) **Financial instruments in level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise treasury bills classified as available for sale.

(b) **Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

(i) quoted market prices or dealer quotes for similar instruments;

(ii) other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity, are used to determine fair value for the remaining financial instruments.

(b) Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(i) **Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Strategy and Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the Internal Audit Function, outsourced to Bamidele Daramola & Co. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of naira	31-Mar 2017	31-Dec 2016
Trade and other receivables (Note 15)	386,531	381,029
Cash and bank balances (Note 18)	291,886	486,949
Available for sale financial assets (Note 13)	187,137	187,137
	865,554	1,055,115

Trade and other receivables

In thousands of naira	31-Mar 2017	31-Dec 2016
Trade recievables	157,431	111,537
Deposit with company registrar	160,369	160,369
Other recievables	161,513	109,123
	479,313	381,029

(a) Trade receivables

The Company's exposure to credit risk in respect of trade recievables is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available, and in some cases bank references. Credit sales limits are established for each customer and are reviewed regularly. The concentration of credit risk is limited due to the large and unrelated customer base. The company has pledged no trade receivables during the year.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Concentration of risk

At 31 March 2017, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows;

	Carrying amount	
In thousands of naira	31-Mar 2017	31-Dec 2016
Wholesale customers	3,478	1,800
Retail customers	131,187	153,274
Other	22,766	49,245
	157,431	204,319

At 31 March 2017, the ageing of trade receivables that were not impaired was as follows:

In thousands of naira	2017			2016		
	Gross	Impairment	Net	Gross	Impairment	Net
Neither past due nor impaired		-	-	81,133	-	81,133
Past due 1–90 days	4,713	-	4,713	21,431	-	21,431
Past due 91–180 days	6,056	-	6,056	5,375	0	5,375
Over 180 days	146,662	-	146,662	96,380	(92,782)	3,598
	157,431	-	157,431	204,319	(92,782)	111,537

The company does not hold collateral on these balances. The company believes that the unimpaired amounts that are past due are still collectible in full based on historic payment behaviour and analysis of customer credit risk.

(b) Deposit with Company Registrar

This represents amounts held with the Company registrar in respect of payments of declared dividends to shareholders on behalf of the Company. This represents the Company's maximum credit exposure to the financial asset.

The Company's registrar is Meristem Registrars Limited, which has a history of reputable ratings. Based on past experience, the Company has not incurred impairment loss in respect of the deposits with the Company registrar as the amount is deemed recoverable.

(c) Other receivables

This mainly represents the outstanding balance in respect of the proceeds from sale of property, plant and equipment in the current year. Based on the sales agreement, the amount is receivable in two (2) instalments in February and April 2017.

The Company believes that the amount is collectible based on subsequent payments made by the counterparty and credit worthiness. Other components of other recievables include staff debtors and accrued income which are deemed recoverable based on historical payment behaviours and subsequent collections.

Consequently, the Company has not incurred impairment loss in respect of other receivables.

Available-for-sale financial assets
The company limits its exposure to credit risk by investing only in liquid securities and this is managed by ARM Pension Managers (PFA) Limited.

Cash and cash equivalents:
The Company held cash and cash equivalents of ₦292 million at 31 March 2017 (2016: ₦487 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks.

(iii) **Liquidity risk**
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses standard costing to cost its products, which assist it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 March 2017, the expected cash flows from trade and other receivables maturing within two months were N4.7million (2016: N103 million). This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

31 March 2017 *In thousands of naira*		**Contractual cash flows**					
	Carrying Amount	**Total**	**6 months or less**	**6-12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Loans and borrowings	131,032	131,032	6,970	-	39,383	33,179	51,500
Trade and other payables*	535,871	535,871	535,871	-	-	-	-
Dividend payable	325,452	325,452	325,452	-	-	-	-
	992,355	**992,355**	**868,293**	**-**	**39,383**	**33,179**	**51,500**

*Trade and other payables excludes statutory deductions such as Value Added Tax payable, Withholding Tax payable, PAYE payable, Pension payable and other non-income taxes payables.

31 December 2016 *In thousands of naira*	**Carrying Amount**	**Contractual cash flows** **Total**	**6 months or less**	**6-12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Loans and borrowings	127,864	127,864	3,802	-	39,383	33,179	51,500
Trade and other payables*	586,624	586,624	586,624	-	-	-	-
Dividend payable	325,452	325,452	325,452	-	-	-	-
	1,039,940	**1,039,940**	**915,878**	**-**	**39,383**	**33,179**	**51,500**

*Trade and other payables excludes statutory deductions such as Value Added Tax payable, Withholding Tax payable, PAYE payable, Pension payable and other non-income taxes payables.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

1. ***Currency risk***

The Company is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Company. The functional currency of the Company is primarily the Naira. The currencies in which these transactions are primarily denominated are Naira (₦), Euro (€), US Dollars (US$) and Pounds Sterling (GBP). The currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company's policy is to ensure that its net exposure in respect of monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level. The Company monitors the movement in foreign currencies on an ongoing basis and takes appropriate actions as necessary.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows:

	2017			2016		
	US$	€	GBP	US$	€	GBP
Cash and cash equivalents	33,142	1,617	349	34,994	1,643	356

The following significant exchange rates were applied;

	Average rate during the period		**Period end spot rate**	
Naira	2017	2016	2017	2016
US$ 1	306.35	253.02	306.35	305.00
€ 1	327.3	278.46	327.30	322.11
GBP 1	382.51	341.35	382.51	375.18

Sensitivity analysis

A reasonably possible strengthening /(weakening) of the naira against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast purchases.

	Profit or loss	
In thousands of Naira	Strengthening	Weakening
31 March 2017		
US$ (20% movement)	2,031	(2,031)
€ (20% movement)	106	(106)
GBP (20% movement)	27	(27)
31 December 2016		
US$ (3% movement)	2,135	(2,135)
€ (3% movement)	106	(106)
GBP (3% movement)	27	(27)

2. ***Interest rate risk***

The Company adopts a policy of ensuring that all its interest rate risk exposure is at fixed rate. This is achieved by entering into fixed rate instruments.

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cashflow risk that results from borrowings at variable rates. The Board of Directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogeneous borrowing sources.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments	**Norminal amount**	
In thousands of naira	2017	2016
Financial liabilities:		
Short term borrowings	-	(3,802)
	-	(3,802)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The Company does not have any variable rate financial assets and liabilities as at the end of the year (2016: Nil).

(iv) **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

Compliance with the Company’s standards, established procedures and controls is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board of Directors, Audit Committee and senior management of the Company.

(c) **Capital management**

The Company’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. This is done by using a ratio of adjusted net debt to adjusted equity. Adjusted net debt has been defined as total liabilities, comprising loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company’s adjusted net debt to equity ratio at 31 March was as follows.

	31-Mar 2017	31-Dec 2016
In thousands of naira		
Total liabilities	1,474,533	1,498,084
Less: Cash and Cash equivalents	(291,886)	(486,949)
Adjusted net debt	1,182,647	1,011,135
Total Equity	2,734,177	2,604,181
Net debt to equity ratio	0.43	0.39

27 Operating leases

The Company leases out its investment property (see Note 12)

a. Future minimum lease payments

At 31 March, the future minimum lease payments under non-cancellable leases are receivable as

In thousands of naira	2017	2016
Less than one year	-	41,366
Between one and five years	-	28,400
	-	69,766

b. Amounts recognised in profit or loss

Investment property rentals of ₦0.00 million for the period ended 31 March, 2017 (2016: ₦57 million) was included in 'Revenue' (see Note 4). Depreciation expense on the investment property was included in 'Cost of sales' (see Note 7 and 12).

28 Provision of Non Audit Services

The details of non-audit services and the applicable fees paid during the period ended 31 March 2017 were;

Description of Non Audit Services	**Fee Paid**
In thousands of naira	₦
i. HR advisory services	-
ii. Tax services	1,025

29 Contingencies

The Company is engaged in lawsuits that have arisen in the normal course of business. There are no pending litigation and claim against the Company. While the contingent asset in respect of pending litigations for the Company amounted to ₦501 million as at 31 March 2017 (2016: ₦501 million). In the opinion of the directors, the amount cannot be estimated with sufficient reliability at this stage. Thus no income has been recorded in these financial statements.

30 Subsequent events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 31 March 2017 that have not been adequately provided for or disclosed in the financial statements.

31 Operating segments

a. Basis of segmentation

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different process and marketing strategies. For each of the strategic business units, the Company's Management Committee review internal management reports on a weekly basis. The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	**Operations**
Paints and allied products	Manufacturing, distributing and selling of paints and allied products
Contract revenue	Rendering of painting services
Investment property rental income	Investment property rentals

The accounting policies of the reportable segments are the same as described in Notes 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

b. Information about reportable segments

In thousands of naira

	Paints and allied products	**Contract revenue**	**Investment property rental income**	**Unallocated**	**Total**
2017					
External revenues	788,198	459	-	-	788,657
Finance income	-	-	-	7,119	7,119
Finance costs	-	-	-	-	-
Depreciation	-	-	(5,391)	(21,509)	(26,900)
Impairment loss on trade receivables	-	-	-	-	-
Reportable segment profit (loss) before income tax	149,317	459	(5,391)	-	144,385

2016	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
External revenues	2,493,395	52,476	56,953	-	2,602,824
Finance income	-	-	-	28,365	28,365
Finance costs	-	-	(34,246)	(666)	(34,912)
Depreciation	-	-	(21,565)	(85,078)	(106,643)
Impairment loss on trade receivables	(6,243)	-	-	-	(6,243)
Reportable segment profit before income tax	290,657	37,350	1,142	-	329,149

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Management Committee) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items

Revenues

There are no significant reconciling items between the reportable segment revenue and revenue for the year.

Profit or loss *In thousands of naira*	31-Mar 2017	31-Dec 2016
Total profit or loss for reportable segments	144,385	329,149
Unallocated finance income	7,119	28,365
Unallocated depreciation	(21,509)	(85,078)
Unallocated finance costs	-	(666)
Profit before taxation	129,995	271,770

Other material items

There are no significant reconciling items between other material items for the reportable segments and Company total.

Major customer

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.

Other National Disclosures

Other National Disclosures

Value Added Statement

For the period ended 31 March

In thousands of naira

	2017	%	2016	%
Sales	788,657		2,602,824	
Other income	11,728		235,466	
	800,385		2,838,290	
Bought in materials and services				
- Imported	-		-	
- Local	(365,092)		(1,858,270)	
Value added	435,293	100	980,020	100
Distribution of value added				
To Employees:				
Employee benefit expenses	278,398	64	566,695	58
To Providers of Finance:				
Interest on loans and bank overdrafts	-	-	34,912	4
To Government:				
Income tax	41,599	10	60,546	6
Retained in the business as:				
Depreciation	26,900	6	106,643	11
Deferred tax	-	-	(12,783)	(1)
To augument reserve	88,396	20	224,007	23
	435,293	100	980,020	100

Value added is wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the creation of future wealth.

Other National Disclosures
5 Year Financial Summary

In thousands of naira	31-Mar 2017	2016	2015	2014	2013
Funds employed					
Share capital	144,912	144,912	144,912	144,912	144,912
Share premium	635,074	635,074	635,074	635,074	635,074
Fair value reserve	64,400	64,400	54,188	39,636	30,283
Retained earnings	1,889,791	1,759,795	1,753,156	1,640,208	1,665,988
Shareholder's fund	2,734,177	2,604,181	2,587,330	2,459,830	2,476,257
Current liabilities	1,275,826	1,306,347	1,143,703	816,531	798,623
Long term liabilities	198,707	191,737	164,837	363,784	352,718
	4,208,710	4,102,265	3,895,870	3,640,145	3,627,598
Assets employed					
Non current assets	2,573,015	2,541,572	1,727,602	1,564,445	1,587,220
Current assets	1,635,694	1,560,693	2,168,268	2,075,700	2,040,378
	4,208,709	4,102,265	3,895,870	3,640,145	3,627,598

In thousands of naira	31-Mar 2017	2016	2015	2014	2013
Revenue	788,657	2,602,824	3,022,264	3,082,930	2,710,986
Profit before income tax	129,995	271,770	565,212	249,258	342,767
Profit for the year	88,396	224,007	330,316	148,808	257,580
Other comprehensive income, net of tax	0	10,212	14,552	33,026	66,605
Declared dividend	-	217,368	217,368	202,876	152,157
Per 50k share data:					
Basic and diluted earnings per share (kobo)	30	77	51	89	83
Declared dividend per share (kobo)	-	75	70	52	70
Net assets per share (kobo)	9	9	8	9	8