



2019

ANNUAL REPORT & ACCOUNTS

RE-ENGINEERED
FOR GROWTH





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CORPORATE POLICY STATEMENT

VISION

To be the best solutions provider in the paints and coatings industry

MISSION

Consistently improve on our processes and products to deliver optimal satisfaction to our customers

SHARED VALUES

- Professionalism
- Integrity,
- Customer Focus
- Teamwork (PICT).

DIRECTORS AND PROFESSIONAL ADVISERS, ETC.

Board of Directors:	<p>Mr Abi Ayida - Chairman</p> <p>Chief Musa Danjuma - Non-Executive Director</p> <p>Chief Nelson Nweke - Independent, Non-Executive Director</p> <p>Mr Raj Mangtani (Indian) - Non-Executive Director</p> <p>Engr. Patrick Buruche - Non-Executive Director</p> <p>Mr Adekunle Olowokande - Non-Executive Director</p> <p>Mr Sanjay Datwani (British) - Non-Executive Director</p> <p>Mr Anjan Sircar - Managing Director (Appointed wef April 30, 2019)</p>		
Company Secretary/Legal Adviser	Mr Ayokunle Ayoko		
Registered Office:	102, Oba Akran Avenue, Ikeja, P.M.B. 21052, Ikeja, Lagos.		
Contact Details	<p>Telephone: +234-9062496104, +234-9062496106, +234 810 216 4585-6, 0700BERGERPAINTS [0700 237437724687]</p> <p>Email: customercare@bergerpaintnig.com</p>		
Social Media Accounts	<p>Website: www.bergerpaintsnig.com</p> <p>Facebook: https://www.facebook.com/Bergerpaintsnig</p> <p>LinkedIn: www.linkedin.com/company/berger-paints-nigeria-plc</p> <p>Twitter: www.twitter.com/BergerPaintsNig</p> <p>Instagram: https://www.instagram.com/bergerpaintsnig</p>		
NSE Trading Information	<p>Trading Name: Berger Paints Plc. (Berger)</p> <p>Ticker Symbol: Berger</p> <p>Sector: Industrial Goods</p> <p>Sub Sector: Building Materials</p> <p>Market Classification: Main Board</p>		
Registration Number:	<p>CAC RC: 1837</p> <p>FRC: FRC/2012/000000000295</p>		
Registrars:	<p>Meristem Registrars Limited</p> <p>213, Herbert Macaulay Way, Adekunle, Yaba, Lagos.</p> <p>P.O. Box 51585, Falomo, Ikoyi, Lagos</p> <p>Tel: 8920491, 8920492, 01-2809250-3</p> <p>Email: info@meristemregistrars.com</p> <p>Website: www.meristemregistrars.com</p>		
External Auditors:	<p>KPMG Professional Services</p> <p>KPMG Tower</p> <p>Bishop Aboyade Cole Street, Victoria Island, Lagos</p> <p>Tel: +234-1-2694660-4</p> <p>https://home.kpmg.com/ng/en/home.html</p>		
Major Bankers:	<table border="0"> <tr> <td> <p>Polaris Bank Ltd.</p> <p>Guaranty Trust Bank Plc.</p> <p>First Bank Of Nigeria Ltd.</p> <p>Access Bank Plc.</p> <p>Zenith Bank Plc.</p> <p>First City Monument Bank (FCMB) Ltd.</p> <p>Union Bank Plc.</p> </td> <td> <p>United Bank For Africa Plc</p> <p>Heritage Bank Ltd.</p> <p>Ecobank Nigeria Plc</p> <p>Fidelity Bank Plc.</p> <p>Keystone Bank Ltd.</p> <p>Wema Bank.</p> </td> </tr> </table>	<p>Polaris Bank Ltd.</p> <p>Guaranty Trust Bank Plc.</p> <p>First Bank Of Nigeria Ltd.</p> <p>Access Bank Plc.</p> <p>Zenith Bank Plc.</p> <p>First City Monument Bank (FCMB) Ltd.</p> <p>Union Bank Plc.</p>	<p>United Bank For Africa Plc</p> <p>Heritage Bank Ltd.</p> <p>Ecobank Nigeria Plc</p> <p>Fidelity Bank Plc.</p> <p>Keystone Bank Ltd.</p> <p>Wema Bank.</p>
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BERGER



...enduring beauty and protection

QUALITY REDEFINED



🌐 : www.bergerpaintsnig.com

📱 : @Bergerpaintsng

📍 : 102, Oba Akran Avenue, Ikeja, Lagos State.

☎ : 08102164586

FINANCIAL HIGHLIGHTS

For the year ended December 31 2019

<i>In thousands of naira</i>	2019	2018	%
Revenue	3,584,804	3,377,223	6
Gross profit	1,664,324	1,480,361	12
Operating profit	512,928	442,299	16
Profit before minimum tax	551,561	454,328	21
"Profit before income tax"	533,099	454,328	17
Profit for the year	448,733	320,509	40
Share capital	144,912	144,912	-
Total equity	3,073,400	2,813,052	9
Data per 50k share			
Basic earnings per share (kobo)	155	111	40
Declared dividend*	65	50	30
Net assets per share (Naira)	10.60	9.71	9
Market price per share as at year end (Naira)	6.75	8.60	(22)
Market capitalization as at year end	1,956,312	2,492,482	(22)
Dividend per 50k share in respect of current year results only			
Dividend proposed (kobo)**	25	65	(62)

*Declared dividend represents the dividend proposed for the preceding year but declared during the current year.

**The Directors propose a dividend of 25 kobo (2018: 65 kobo) per share on issued share capital of 289,823,447 (2018: 289,823,447) ordinary shares of 50 kobo each, subject to approval by the shareholders at the Annual General Meeting.

CORPORATE PROFILE

Berger Paints Nigeria Plc. was established on 9th January, 1959 and has become a leader in the coating and allied industry in Nigeria. For several decades, the organization has been providing quality paints and allied coatings that meet the needs of various sectors of the economy.

With its corporate headquarters and manufacturing plant located in Lagos, Nigeria, Berger Paints Nigeria Plc. has several Berger Colour World outlets or Colour shops spread across the federation leveraging the channel distribution model. The Company is committed to excellent quality product development with a state of the art research and development unit, ensuring Berger Paints product is technologically correct, environmentally friendly and formulated to withstand harsh tropical conditions.

The Company is reputed to be the first in setting standards in the paint industry in Nigeria. Its scorecard includes the following:

- First paint manufacturer to be established in Nigeria.
- First paint company to be quoted on the Nigerian Stock Exchange.
- First paint researcher to introduce textured coating named Texcote to the Nigeria market.
- First to develop, manufacture and supply coil-coating paint to aluminum factories in Nigeria.
- First paint manufacturer to win NIS Award from SON for premium and market quality decorative products.
- First paint Company to win the Nigerian Stock Exchange Merit Award.
- First to develop and supply Thermo Setting Acrylic paints to local industries.
- First to win the National Merit award for local raw materials utilization in the paints industry.
- First to develop tropicalised and environment friendly paint products to the Nigerian market.
- First to introduce full process tamper-proof colour paint containers to the Nigerian market.

Berger Paints Nigeria Plc (BPN) is known for pioneering new products and setting the pace in the paints and allied coating sector. One of such specialty products is Berger Fire Retardant Texcote, a textured finish which has been very successful in capturing the imagination of many consumers. Berger Fire Retardant Texcote has now been adopted as the generic term for textured paint in Nigeria. Berger Rufhide, a wall putty with superior adhesive strength and capability over conventional Plaster of Paris and other screeding materials, is the first of its kind in the Nigerian market. Our other well-known brands such as Luxol (Clingstay), Super Star and Classic continue to have their loyal clientele and enjoy extreme popularity across Nigeria today.

Every Berger Colour World is a colour specialty outlet equipped with ultra-modern colour tinting machines, colour development software and skilled technical personnel with the capability to produce thousands of colours in sizeable quantities. They also have ample supply of BPN products for immediate purchase or supply. The Berger Colour Shop managed by our dealers, super or mega dealers, ensures the provision of excellent quality products for which the Berger brand is known for to every consumer and reaching the nooks and crannies of the federation. They provide technical evaluation and professional consultation services to corporate and private clientele.

Berger Paints also provides Supply and Apply Services for public and private organizations. Some of our reference projects include the following - Elizade University, Lekki Gardens, Haven Home, Keystone Bank, Mosaf Nigeria Limited, Vitafoam Plc and Glo World Project amongst others.

Berger Paints Nigeria Plc., with the corporate signature, "enduring Beauty and Protection," has always placed innovation, integrity, quality of products & services and the provision of a vast product range at the top of its priorities, which has made it a one-stop solution for all painting needs.

Our Products

Berger Paints Nigeria Plc. is the only paint manufacturing company in Nigeria operating in the five key segments:

- Decorative/Architectural Finishes;
- Marine & Protective Coatings
- Automotive/Vehicle Refinishes;
- Industrial Coatings; and
- Wood Finishes and Preservers.

CORPORATE PROFILE (CONT'D)

Decorative Paints

The decorative range covers the architectural and building maintenance coatings of high and medium quality, which are used by leading contractors as well as craftsmen. The brands are household names in the Nigerian paints market - Texcote, Luxol and Super Star - which are available in unlimited range of colours, possessing both beauty and protective abilities against all the elements of the weather. Clinstay is a unique brand of washable water based emulsion paint, suitable for the internal part of the home and high traffic areas susceptible to dirt which can be washed with foam, mild soap and water. Rufhide is a specially formulated paint that covers cracks and wall imperfections.

Industrial Coatings

These are protective paints used as coatings for virtually all categories of manufacturing equipment and machines. The paints protect the items from rusting and make them resistant to scratching. The coatings are available to suit all forms of application technologies ranging from brushing, conventional spraying, dipping, curtain coating, roller coating, can and coil coatings, tumbling and electro-static method. The product range includes stoving enamels, curtain coatings, and quick drying enamels amongst others.

Marine and Protection

The Berger Paints range of protective coatings has over 30 years, successfully met the comprehensive and specialized anti-corrosive demands of the structures and equipment of the marine industry in Nigeria. The marine paints/heavy duty coatings, bituminous coatings, a wide range of primers and protective systems for steelworks, marine primers, bottom compositions including anti-fouling and coatings for boot topping and topsides. Major petroleum oil drilling companies and main ship maintenance companies in Nigeria use BPN products.

Automotive/Vehicle Refinishes

We are expanding the frontier of vehicle refinishes range of paints. The top quality automotive range of products includes topcoats for the vehicle assembly plants as well as car refinishes with the brand name Autolux. It is compatible with all makes of vehicles. Autolux is available as a single pack or two-pack in a wide range of colours giving high gloss and build together with excellent hardness and durability. Autolux is the ideal all-purpose refinishes enamel, which can be air dried or low baked. The Company also supplies 2 Pack auto-refinishes products to major industries in Nigeria.

The Autolux range includes the solid and metallic paints, primers, varnish, and NC putty. The Autobase range includes the base and acryl, primers and fillers, clear and hardeners, slow and hard thinners in addition to other accessories.

Wood Preservers and Finishes

These are Bergernol wood preservatives and Lignolac wood finishes respectively. Bergernol is noted for high quality performance in wood preservation, while Lignolac is available to a wide variety of wood industries, from the roadside carpenters to corporate organizations, from simple to top of the line furniture and doors. This range incorporates sanding sealer, lacquer gloss, satin and matt, as well as wood stains. These brands are market leaders and they are known and popular in the trade and among the various customer groups.

A Future Assured

Berger Paints will continue to pay special attention to the acquisition of technologically advanced production machines and embark on human capital development in order to cope with the changing and sophisticated taste of customers.

- Berger Colour World: As a means of moving closer to the door steps of our consumers to deliver excellent customers services, Berger Colour world is opened in strategic locations across the country. Berger Colour world offers endless colour possibilities where customers can dream their choice of colours and have them produced instantly.
- Technical Collaborations: Along the line of technical update and innovation drive, Berger Paints Nigeria Plc. continues to collaborate with experienced technical partners and world leaders in paint and coatings solutions.
- Environmental friendly products: Berger Paints continues to embark on research and development activities that would facilitate introduction of environment friendly products which help in preserving the earth.

CORPORATE PROFILE (CONT'D)

Quality Assurance

As a confirmation of our oath to clients; that we will exchange value and service for every Naira they part with, all Berger Paints containers come with tamper-proof hologram cover. Customers are strongly advised to watch out for this as a sign of our quality assurance. This led to the actualization of the SON NIS 2000:1500 quality certification.

Marketing and Distribution

The Company's marketing approach is guided by the principle that no matter how good or innovative its products are, they require capable people to professionally present them in a way that is devotedly customer-focused. This principle has successfully guided the company in hiring, training and developing its sales force to meet set objectives. Since most of the products are customer specific, the Company keeps upgrading its production machinery, research and development and uses top quality raw materials. We distribute our products through an expanding nationwide network of over 50 outlets and appointed agents (mini outlets) spread across the country.



BOARD OF DIRECTORS:

1. MR. ABI AYIDA
Chairman

5. MR. RAJ MANGTANI (INDIAN)
Non-Executive Director

2. CHIEF MUSA DANJUMA
Non-Executive Director

6. MR. ADEKUNLE OLOWOKANDE
Non-Executive Director

3. CHIEF NELSON NWEKE
Independent, Non-Executive Director

7. MR. SANJAY DATWANI (BRITISH)
Non-Executive Director

4. ENGR. PATRICK N. BURUCHE
Non-Executive Director

BOARD OF DIRECTORS



Mr Abi Ayida

CHAIRMAN

Mr. Ayida holds a Bachelor's Degree in Economics from University of Minnesota, USA and a Masters' Degree in Economics from Pennsylvania State University, USA. He has extensive experience in investment banking, insurance, retail and manufacturing industries in the UK, USA and Nigeria. He is the Managing Partner for Vail Woodward Associates, a firm of international business development consultants. He is also the Managing Partner of Ilare Properties Limited, owners, developers and managers of luxury retail shopping malls. He is a Member of the Institute of Directors and a Member of the Guardian Newspapers Editorial Board.

He joined the Board on 14th December 1999 and was appointed as Chairman of the Board on 7th June, 2018.



Chief Musa Danjuma

NON-EXECUTIVE DIRECTOR

Chief Danjuma is an articulate lawyer and a corporate icon with great wealth of experience in business management and administration. Chief Danjuma holds a Bachelor's degree in Law from Ahmadu Bello University, Zaria and Nigeria Law School, Lagos.

He is currently the Executive Chairman, NAL/COMET Shipping Group which includes Five Star Logistics Limited, Comet Shipping Agencies Nigeria Limited, Best Trade Nigeria Limited, Nigeria America Line Limited and a pioneer of the Chief Executive Programme at Lagos Business School. He was appointed as a Non-Executive Director on 14th September 2000.



Chief Nelson Nweke

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chief Nweke holds a bachelor's degree in Political Science (1979) and a Masters' degree in Industrial Relations (1983) from the University of Ibadan. He made a career in banking, having worked in First City Monument Bank and Intercontinental Bank Plc. (now Access Bank Plc) where he retired as an Executive Director in February 2008.

He is currently the Managing Director of Neilville Nigeria Limited. Chief Nweke is an Honorary Member of Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of Chartered Institute of Stock Brokers of Nigeria.

He was appointed as a Non-Executive/Independent Director of Berger Paints Nigeria Plc. on 11th December, 2012.

BOARD OF DIRECTORS (CONT'D)



Mr. Raj Mangtani

NON-EXECUTIVE DIRECTOR

Mr. Mangtani is an astute businessman and holds a Bachelor's degree in Commerce from University of Bombay. He is a member of the Nigeria Institute of Management and Indian Professionals' Association of Nigeria.

Mr. Mangtani is the Managing Director of Emychem Limited, a leading chemical marketing company. He also serves on the board of such notable manufacturing companies as Metcem Limited and Zaika Foods Ingredient Limited as a non-executive director.

He joined the Board as a Non-Executive Director on 10th September, 2002 as an alternate director, and was appointed as a full Non-Executive Director on 16th October, 2014.



Mr Kunle Olowokande

NON-EXECUTIVE DIRECTOR

Mr. Olowokande is a Chartered Accountant. He holds an MA in International Finance from London Metropolitan University. He had served as Management Accountant to leading professional services firms in the United Kingdom and for a couple of years, he functioned as the Head, Strategy and Risk Management for Berger Paints Nigeria Plc.

He was appointed as a Non-Executive Director on 16th October, 2014.



Engr. Patrick Buruche

NON-EXECUTIVE DIRECTOR

Engr. Buruche is a graduate of Civil Engineering from Nnamdi Azikiwe University, Awka. He served in various capacities with Anambra State Water Corporation. He is a corporate member of the Nigeria Society of Engineers (MNSE), a member of the Nigerian Institution of Civil Engineers (MNICE) and a registered engineer with the Council for the Regulation of Engineering in Nigeria (COREN). Engr. Buruche is currently the Managing Director of PANGOC Global Services Limited, a design/construction company which has successfully executed many projects.

He was appointed as a Non-Executive Director on 16th October, 2014.

BOARD OF DIRECTORS (CONT'D)



Mr Sanjay Datwani

NON-EXECUTIVE DIRECTOR

Mr. Datwani graduated from Boston University, Massachusetts, USA with a Bachelor's degree in Business Administration. He has over 18 years' experience in International Trade, Finance and Banking. He is the Managing Director of Clayton Finance Limited, a company which specialises in export of raw materials for industry to the West African region. He also works as a property consultant and developer in the United Kingdom.

Mr. Datwani was appointed as a Non-Executive Director on 11th December, 2014.



Mr Anjan Sircar

MANAGING DIRECTOR

Mr. Sircar became Managing Director effective April 30, 2019. Until his appointment, he was the CEO of the Elite Group of Companies, Bangladesh, in its Aqua Paints division. Educated in the prestigious St. Lawrence Boy's School of Kolkata, Anjan went on to complete his graduation course in science from Calcutta University, West Bengal, India.

Mr. Sircar started his career in 1980 and worked in various adhesive manufacturing units in India till 1990 before joining Jenson Nicholson India Ltd and later, Kathmandu (Nepal) as its Sales & Production Head. In 1992, he was appointed as Branch Head of INCOWAX Ltd., India where he oversaw its Haryana Branch and Production unit.

In 1999 he was appointed as the Country Director & Head of Berger Paints (Nepal) Ltd. (A subsidiary of Berger Paints India Ltd). In 2009, Anjan took up responsibilities of Asian Paints Bangladesh Ltd., as the Head of Sales & Marketing and Operation. In 2014, he was promoted as Director and General Manager, International Business Unit, with Asian Paints India Ltd and was deputed in Ethiopia as Country Director of Kadisco Asian Paints (subsidiary of Asian Paints India Ltd), a Joint venture.

Mr. Sircar was a member of the Executive Committee of NICCI (Nepal India Chamber of commerce & Industries) and India Nepal Business Forum, where his contributions were much acclaimed and appreciated.



Mr. Abi Ayida

CHAIRMAN'S STATEMENT

Dear distinguished shareholders, representatives of regulatory agencies, fellow Directors, guests and observers, esteemed Ladies and Gentlemen.

I am delighted to welcome you to the 60th Annual General Meeting (AGM) of our great Company, Berger Paints Nigeria Plc. holding virtually today, 24th day of June, 2020, at the Company's Offices at No 102, Oba Akran Avenue Ikeja, Lagos.

I feel privileged to present to you, the report of our stewardship for the 2019 financial year. Additionally, the resolutions to be considered at the meeting and the rationale for these resolutions will be as detailed in the AGM Information Pack section of this report.

Changes to Board and Management Composition

During the year under review, Mr Anjan Sircar was appointed as Managing Director. He has settled in well and has started delivering value thereby justifying the Board's trust in his leadership qualities.

In line with the requirements of the Nigerian Code of Corporate Governance, the Board will commence preparing for anticipated Board transitions and will be considering the addition of more Independent Directors on the Board.

We have also listened to your yearnings and will be ensuring that gender diversity will be a major consideration in making appointments to the Board. We will meticulously ensure that our selection and on-boarding processes are continuously improved to assist us to deliver the critical ingredient of cognitive diversity that is vital in increasingly uncertain and complicated times. We shall keep you updated in this regard.

CHAIRMAN'S STATEMENT (CONT'D)

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As part of the Company's robust succession framework for Executive Management, and to ensure business continuity in management, the Board appointed a Chief Operations Officer in November, 2019, in the person of Mr. Adeyemi Adetomiwa. Mr. Adetomiwa is a Certified Environmental Scientist (NREP, USA) and brings over two decades of paint industry experience in different roles including, production, process, planning, quality assurance and HSE. We now have a complete and more crucially, very industry experienced management team to drive us in the future.

Transforming to Achieve Scale

You will recall in my address to you last year, I had highlighted the increasing harsh business environment which was un conducive for business and which resulted in a lot of businesses closing down due to increasing tax requirements and dwindling consumer spending. I had also highlighted the transformation initiatives being undertaken by the Board to ensure efficiency in our business operations and improvement in service delivery. Special attention was paid to capacity building in organizational agility and resilience with significant investment in our human capital.

This year, I am glad to inform you that the Board was able to diligently oversee the implementation of these initiatives. We spent the greater part of the year firmly embedding these initiatives and ensuring they were understood and put into practice in a consistent and relentless new workplace culture. We have begun to witness sustainable increased efficiency and effectiveness in our operations, output, customer experience and service delivery.

The Board has been able to oversee a complete re-engineering of the Company's operational systems, leading to the achievement of an unprecedented and historic growth in the Company's profit for the year.

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Financial Results – Historic Performance

As earlier highlighted, the Board and Management faced an increasingly business-hostile operating environment in 2019. However, due to your Company's growth strategy, we were able to deliver an impressive performance. A review of the financial result shows improved performance across all financial indices. Our revenue grew by 6% from ₦3.377 billion to ₦3.585 billion, gross profit for the year grew by 12% from ₦1.480 billion to ₦1.664 billion while the profit for the year grew by 40% from ₦320.5 million to an historic high of ₦448.7 million. The modest growth in revenue was intended as we deferred scale achievement to maintain our focus on operational efficiency. We believe the numbers justify this approach. Indeed, operating profit was improved by 196% between the end of 2017 and end of 2019.

The Board is convinced that this is just the beginning. The market share of our brands remains strong and we are on the path to growing our market share and building shareholder value.

Completion of Automated Factory

I know you are all eager to get an update on our new factory and I am pleased to let you know that whilst it has been a long journey, we have now arrived at the destination of having a new state of the art automated factory. This is a journey which commenced

CHAIRMAN'S STATEMENT (CONT'D)

sometime in 2014 and I am pleased that the Board, under my leadership, has been able to finally deliver on the factory's completion. With the new plant, we are poised to increase shareholder value as the new factory will increase production capacity to 8 million litres per annum as against the 5.6 million litres' capacity of the old plant. In terms of quality, the factory will be able to produce products with enhanced quality able to compete globally in the paint and allied industry.

The plant is operational and phased-in production commenced in December 2019. We were honoured to have some of you attend the factory hand-over ceremony.

The completion of the factory means that as a company we can transition from a multi-year investment phase to firmly focus on earnings from 2020 onward.

We thank our stakeholders, particularly the shareholders who have been patient with us and have invested in this new plant.

Post Reporting Period Event; Impact of Covid 19

The unprecedented novel Corona Virus pandemic blindsided us and indeed the global community in our strategic projections for the current year. As the global community faces an unprecedented challenge with the COVID-19 pandemic, the safety of our personnel, clients and business associates is of utmost priority to us.

The resulting lockdown and associated government regulations limiting our production capacity and business operations has had a severe and continuing adverse impact.

Our macroeconomic environment outlook is ominous and we anticipate a severe recession post-pandemic. Given such a challenging landscape we recognise that liquidity and working capital preservation is critical and are therefore constrained to re-evaluate and retain as much earnings as feasible.

As a responsible Board faced with all these decisions, we have chosen a cautious and prudent approach. Nonetheless, unlike several other companies, we maintain our desire to have our stakeholders get some returns and we will be proposing the payment of a modest dividend at this meeting.

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As a Board, we are looking beyond the negative implications of the pandemic on our business and focused on the emerging opportunities inherent in any continuing crisis situation. We have used the opportunity to commence a further review of our business continuity systems to ensure our ability to continue production and business operations when faced with similar situations in the future.

You will recall that in last year's statement I informed you about our significant investment in automation and technology in our business processes. In 2019 we migrated to use of extensive cloud based technology platforms including full remote document access and retrieval and enhanced virtual meeting and conferencing facilities. This investment has proven prescient as we were able to seamlessly maintain administrative business continuity in the face of the business interruption caused by the lockdown.

We fully anticipate continued severe dislocation to all economic activity as we emerge from the pandemic. We expect changed customer expectations and behaviours and a severe contraction in discretionary customer expenditure. We are well prepared for the extraordinary challenges that await us in 2020 and beyond.

CHAIRMAN'S STATEMENT (CONT'D)

Our thoughts are with you and everyone who has sustained losses, physical and material and we pray that we all emerge from this very dark chapter healthy and stronger.

Dividend

The Board of Directors of the Company has recommended a dividend of 25kobo per share, payable less withholding tax. If approved at the meeting, the dividend will be paid electronically on June 25, 2020, to shareholders whose names appear on the Register of Members as at June 11, 2020, who have completed the e-dividend registration and mandated the Registrars to pay their dividends directly into their bank accounts.

Corporate Culture

We recognize the value of diversity in our employee base who come from a broad and representative mix of background and experience, as different perspectives allow us to identify and develop new opportunities. We promote internal initiatives to support diversity and inclusion, cognizant we can only achieve our strategic objectives by building a sound reputation founded on the highest standards of responsible behaviour. We firmly believe that diversity correlates with better financial performance as it leads to greater staff motivation and produces more innovative solutions to problems.

Regulatory Infractions

For the 2019 financial year, no regulatory infraction was recorded.

Conclusion

Indeed, 2019 was a year we maximized our efficiencies. Riding on the wave of the successes achieved in 2019, 2020 was poised to be an even better year and early indications, Q1 2020 Revenue increase of 35%, demonstrated that our careful planning was poised to payoff. We may however have to review our expectations with our focus on surviving the pandemic year and the expected economic crises afterwards.

Nonetheless, we expect to rebound stronger as we have put in place structures to navigate the turbulent economic waters successfully. I must commend the Board of Directors for the support and commitment shown in leading your company to deliver better returns.

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As a Board, we are committed to setting the right tone at the top in ensuring best governance practices are complied with by Management and staff of BPN.

To our stakeholders, we say thank you for your constant show of support. We will not let you down and assure you of the Board's commitment to sustaining the highest standards of corporate governance practices now and always.



Abi Ayida
Chairman, Board of Directors

MANAGEMENT PROFILE



Mr. Adeyemi Adetomiwa

CHIEF OPERATING OFFICER

Mr. Adetomiwa, a Certified Environmental Scientist (NREP, USA) was educated at the Ladoko Akintola University of Technology, Ogbomoso where he bagged B.Tech in Chemistry. He joined the services of CAP Plc as an Assistant Production Manager in 2001 and worked in various capacities as a Process Support Manager, Category Planner, Planning Manager and Plant Manager. In 2011, he was appointed as the Technical Operations Manager in acting capacity, a position he held until January 2, 2012 when he was appointed the Quality Assurance Manager of the Company and in 2018, he became Health, Safety, Environment and Quality Manager. He has attended several management courses and training locally and internationally among which are Operations Management, Production Management, Quality Environmental Management, Safety, Health & Environmental Management, Finance for non-Managers, Supply Chain Management, Bullet-Proof Manager Training, ISO 9001 & 14001, ISO Lead Auditor Course. Adeyemi joined Berger paints Nigeria Plc on the 2nd December 2019 as the Chief Operating Officer.



Mr. Olufunso Ekundayo

HEAD OF INFORMATION TECHNOLOGY

Mr. Ekundayo is the Head of Information Technology at Berger Paints with over 10 years experience in the Information Technology sector. He has worked in various capacities in top tier IT companies like Resourcery PLC, Wakanow.com, and Vconnect where he helped to build great technology teams and led the teams to deliver great products. He is a graduate of Mathematics & Statistics from the University of Lagos, a certified PRINCE2 professional and an Alumnus of the Stanford Graduate School of Business.



Mr. Shakiru Oyegbele

HEAD OF FINANCE

Mr. Oyegbele is the Head of Finance, he has over 15 years working experience at different levels across services and manufacturing sectors. He worked as Financial Accountant at Critical Rescue International Limited, Head of Finance & Accounts at Nigerian German Chemicals Plc and Management Accountant, Portland Paints & Products Nigeria Plc (subsidiary of UAC). He joined Berger Paints Nigeria Plc July 2017 as the Finance & Accounts Manager. He holds a BSc Accounting degree from the University of Lagos and an MBA from the University of Calabar. He is a fellow of the Institute of Chartered Accountants of Nigeria and member of Chartered Institute of Taxation of Nigeria. He has attended various management, finance and leadership courses.

MANAGEMENT PROFILE (CONT'S)

Mr. Ayokunle Ayoko

COMPANY SECRETARY/LEGAL ADVISER



Mr. Ayoko is a consummate professional with expertise in litigation, corporate governance, negotiation, corporate commercial/secretarial, corporate/business strategy, and legal advisory. He has almost two decades cumulative experience spanning across several industries including finance, banking, capital market, aviation, insurance and manufacturing industries.

He previously worked in the Company Secretariat of First Bank of Nigeria Limited and as pioneer staff of FBN Holdings Nigeria Plc, where he was subsequently seconded as Company Secretary to FBN Insurance Limited, FBN General Insurance Limited (both jointly owned by FBN Holdings Plc and Sanlam, South Africa) and FBN Insurance Brokers Limited. He was appointed as Company Secretary/Legal Adviser for Berger Paints Nigeria Plc in 2018.

At the 2019 edition of the Esq Nigerian Legal Awards, he was a recipient of the "40 under 40" Award; an award given to rising stars and lawyers identified to likely shape the future of the Nigerian legal profession.

Mr. Ayoko holds a 2nd Class Upper L.LB (Hons) degree from the University of Ibadan and has been called to the Nigerian Bar. He is a member of the Nigerian Bar Association (NBA), International Bar Association (IBA), and Society for Corporate Governance (SCGN).

Mr. Henshaw Nwaorgu

HEAD OF MANUFACTURING



Mr. Nwaorgu is the Head of Manufacturing of Berger paints Nigeria Plc with over 20 years' experience in the Manufacturing Sector. He has worked in various capacities in Blue Chip companies like Banex Industries Limited and Orange Drugs Limited. He Joined Berger Paints Nigeria Plc in 2014. He has served in various capacities and was appointed as the substantive Head of Manufacturing in July 2018. He graduated from the University of Ibadan with a first class degree in Industrial Chemistry. He is a professional member of the Chemical Society of Nigeria and the Institute of Chartered Chemists. He has attended various local and international courses.

Mr. Lukman Olushi

HEAD OF HUMAN RESOURCES



Mr. Olushi is seasoned and strategy-driven in Corporate Resource Management with a track record of successes in the areas of enterprise building, corporate governance, corporate strategy management, international human resource management, performance management, employee engagement, talent management, organizational transformation, regulatory compliance, organizational development and resource administration. His corporate experience spans 19 years in six countries of West Africa, within two socio-cultural and legal frameworks (in Common Law and OHADA countries). Also, it covers three (3) key sectors of Nigeria's economy (i.e. Energy, Banking and Public); and the three geopolitical zones of the country. Lukman is an exceptional graduate in Political Science from the prestigious Obafemi Awolowo University, Ile-Ife. He has a Masters in International Law & Diplomacy (UNILAG) and an MBA in Human Resource Management (LASU). He also has a professional certification in HR Masters from the prestigious Lagos Business School. He has been privileged with training in leadership and specialized technical areas (e.g. the Balanced Scorecard) from internationally acclaimed trainers including PWC, Phillips Consulting and LBS amongst others.

MANAGEMENT PROFILE (CONT'S)



Mr. Dominic Oladeji

HEAD OF MARKETING & STRATEGY

Mr. Oladeji joined Berger Paints Nigeria Plc on 6th May 2019 as Head, Marketing and Strategy. Prior to joining Berger Paints Nigeria Plc, he had worked in the following capacities: Marketing Manager, CAP Plc (UACN Plc), Brand Manager, CAP Plc (UACN Plc), Brand Manager (Rofico Limited), Product Group Manager (Ozed Limited). He holds a B.Sc degree in Chemistry from Federal University of Agriculture, Abeokuta and has attended various local and international courses amongst which are: Strategic Innovation and Business Development (Lagos Business School), Strategic Marketing Management (Lagos Business School), Brand Management (UAC Learning and Development Centre), Advanced Marketing (AkzoNobel Advanced Marketing Academy, U.K), Bullet-Proof Manager Training Series (Crestcom International, Colorado, U.S.A), Brand and Trade Channel Management (AkzoNobel, U.K). Dominic Oladeji is a member of The Chartered Institute of Marketing, U.K.



Mrs. Aderonke Olajubu

HEAD OF TECHNICAL

Mrs. Olajubu is the Head of Technical of Berger Paints Nigeria Plc. She holds a Degree in Chemistry from the Obafemi Awolowo University Ile-Ife. She joined Berger Paints Nigeria Plc in February 1998 and has served in various capacities over the years. She is a member of Chemical Society of Nigeria and attended various local and International leadership & management Paints and Coating Training in Nigeria, South Africa and Dubai. She was appointed Head of Technical in July, 2018.



Mr. Aminu Sumaila

HEAD OF SALES

Mr. Sumaila joined Berger Paints Nigeria Plc on 8th January, 2020 as Head of Sales. Prior to that he had worked as National Sales Manager – Portland Paints and Products Nigeria Plc. He holds a Higher National Diploma (HND) in Catering and Hotel Management from Kaduna Polytechnic.

Mr. Sumaila is a seasoned Sales and Customer service oriented Manager with over 20 years of experience from respected corporate organizations. He is a member of the Nigerian Institute of Hotel and Catering Management NIHCM and has attended various Management & Business specific courses including Restaurant Managers Training organized by Univation, Robert Gordon University Aberdeen-UK.



MD/CEO'S STATEMENT

I am delighted to welcome you to the 60th Annual General Meeting (AGM) of Berger Paints Nigeria Plc, and to present the Annual Report for the financial year ended 31st December, 2019, my first as the Chief Executive Officer of our great Company.

We recorded remarkable growth in 2019, as we continued to gain strides in the Nigerian paints market, using innovation as a foundation in our quest of delivering quality and creating value for our consumers, customers and key stakeholders.

2019 was a year of progress on all fronts for Berger Paints Nig. Plc. We were able to deliver improved results, with a significant top and bottom-line growth. Our aggressive approach to implementing an effective cost control strategy was successful and instrumental in achieving these results.

2019 Financial Year by Numbers

The Company's turnover increased by 6% from ₦3.37billion in 2018 to ₦3.58billion in 2019. Profit before tax grew by 17% from ₦454.32million in 2018 to ₦533.09million in 2019 financial year while profit after tax also significantly improved from ₦320.51million in 2018 to an historical high of ₦448.73million; a growth of 40%.

2019 was a year of progress on all fronts for Berger Paints Nig. Plc. We were able to deliver improved results, with a significant top and bottom-line growth. Our aggressive approach to implementing an effective cost control strategy was successful and instrumental in achieving these results. The Company's turnover increased by 6% from ₦3.37billion in 2018 to ₦3.58billion in 2019. Profit before tax grew by 17% from ₦454.32million in 2018 to ₦533.09million in 2019 financial year while profit after tax also significantly improved from ₦320.51million in 2018 to an historical high of ₦448.73million; a growth of 40%. //

MD/CEO'S STATEMENT (CONT'D)

Completion of Automated Factory

During the year under review, we recorded a major milestone with the completion and commissioning of the new automated plant which has enhanced our product quality, production capacity as well as our business operations.

The building of our new automated factory has been overseen by three MDs and I feel privileged to be the incumbent on its completion. Equipment's for the factory started arriving Nigeria in 2015 and the civil works on the building also commenced simultaneously.

The actual plant installation started from 2016 till 2018. Finally, we commenced the electrical connections / test runs and final production trial in December. 2019. With the new factory, we are poised to deliver better products in the coming years.

Driving Growth and Transformation

Within the year, we accelerated the execution of our strategy to deliver on continuous growth and profitability by focusing on some key imperatives such as:

- 1) **Expanding Customer Base:** We have continued to strengthen and improve our customer experience at every touchpoint. Face-lifting of our outlets commenced in 2019 to enhance our brand equity. Additionally, we were able to achieve consistent improvement in customer engagement and relationship management during the year.
- 2) **Product Packaging design:** Our product packaging has been redesigned to make it difficult it for adulteration. The logo "Berger" is more pronounced on the new design.
- 3) **Aggressive Marketing Support:** As part of the drive to stimulate the Berger brand and provide top of mind awareness for our products in their different segments, we invested considerable resources in marketing our products and brands in 2019. We engaged in impactful marketing activities/initiative such as: Berger Estate Consultation, Berger Painter loyalty scheme, Berger Festive Offer etc.
- 4) **Effective Quality Management Process:** We have a 100% quality culture with zero tolerance for failure to meet standards. This also applies to our suppliers. The Company retained its ISO 9001:2015 certification and continue to offer high quality products and services to customers while complying with regulatory requirements. We also ensure we conduct our operations in a safe and healthy manner, thereby ensuring minimal impact on the environment.
- 5) **Human Capital Development:** The Company recognizes that training of its employees is an investment which adds value to the business. We are therefore committed to continuous development of our workforce through courses and seminars organized internally and externally. Individual needs of each employee are considered in organizing training courses. Members of staff are also encouraged and assisted financially to embark on self-development schemes to improve themselves both academically and professionally.

Our efforts were centered around an Employee Value Proposition that was anchored upon:

- a. Talent management and organizational development
- b. Learning and development
- c. Compensation and benefits
- d. Workplace operational excellence

Impact of the Covid 19 Pandemic On Our Business

The unprecedented outbreak of the COVID-19 presented an alarming health crisis globally. In addition to the human impact, there is also significant economic, business and commercial impact. As viruses know no borders, the impact will be felt globally and will affect the international supply chain.

We expect that eventually, the COVID-19 pandemic will eventually fade, as the Ebola, Zika, and Severe Acute Respiratory Syndrome (SARS) viruses have in recent years. However, social-economic impact will still be felt long after virus fades.

MD/CEO'S STATEMENT (CONT'D)

We have lost valuable ground during the state declared lockdown periods which will likely impact our year end numbers. We are however positive and optimistic that we will emerge stronger and show resilience by limiting the negative impact of the pandemic on our numbers.

“ We have lost valuable ground during the state declared lockdown periods which will likely impact our year end numbers. We are however positive and optimistic that we will emerge stronger and show resilience by limiting the negative impact of the pandemic on our numbers. ”

On a strategic level, we are looking to undertake a review of our business continuity responses and explore ways we can mitigate the negative impact of similar disasters in the future. A detailed Business Continuity impact of the pandemic is contained on our website.

Looking Ahead

Our desire is to turn excellent customer experience into a competitive differentiator. We intend to ensure that customer expectations are met and exceeded at every interaction, through all touchpoints, at all times.

We will leverage on the opportunities proffered by the 2020 budget for the Real Estate sector and endeavor to deliver strong returns to our shareholders by selling high-quality products facilitated by our automated plant. Our business would also focus on technology, innovation and expanding its product offerings.

I am confident that the Company will remain in a position of strength and continue to generate growth and create value for shareholders in the coming years.

Finally, I will like to thank the Board of Directors, the entire Management and Employees as well as all our customers and shareholders for their remarkable effort and support in 2019.

Thank you all.



Anjan Sircar
Managing Director/CEO

BERGER



...enduring beauty and protection



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OF ALLURING COLOURS.**



 : www.bergerpaintsnig.com

   : @Bergerpaintsnig

 : 102, Oba Akran Avenue, Ikeja, Lagos State.  : 08102164586

NOTICE OF 60TH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixtieth (60th) Annual General Meeting (AGM) of Berger Paints Nigeria Plc. will be held by proxy at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Wednesday June 24, 2020 at 10:00 a.m., or so soon thereafter, to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 st December, 2019, together with the reports of the Directors, Auditors, Board Appraisers and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect the following retiring Directors:
 - a. Mr Raj Mangtani
 - b. Engineer Patrick Buruche
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

Notes

(I) Compliance with Covid-19 Related Directives and Guidelines

The Federal Government of Nigeria, State Governments, Health Authorities and Regulatory Agencies have issued some guidelines and directives aimed at curbing the spread of Coronavirus Pandemic in Nigeria. Particularly, the Lagos State Government via the Lagos State Infectious Diseases (Emergency Prevention) Regulations 2020, has prohibited the gathering of more than twenty (20) persons at any event. Subsequent to this, the Corporate Affairs Commission (CAC) issued Guidelines on holding the AGM of Public Companies by Proxy.

The convening and conduct of the AGM is thus being done in compliance with these directives and guidelines.

(II) Proxies

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his stead. Accordingly, members entitled to attend and vote at this meeting can only vote through Proxies. In this regard, any member entitled to attend and vote, is advised to appoint a Proxy to attend and vote in his stead from any of the following persons:

- | | | | |
|----|---------------------------|---|------------------------------------|
| 1. | Mr Abi Ayida | - | Chairman/Non-Executive Director |
| 2. | Mr Kunle Olowokande | - | Non-Executive Director |
| 3. | Chief Nelson Nweke | - | Independent Non-Executive Director |
| 4. | Mrs Bisi Bakare | - | Shareholder Representative |
| 5. | Chief Sunny Nwosu | - | Shareholder Representative |
| 6. | Comrade Lawrence Oguntoye | - | Shareholder Representative |

A Proxy Form is attached to the Annual Report and Accounts. It may also be downloaded on the Company's website. All instruments of proxy should be completed and deposited at the office of the Company's Registrars, Meristem Registrars and Probate Services Limited (Registrars), at 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State, or via email to info@meristemregistrars.com, not later than 48 hours before the time of holding the meeting.

Stamping of Proxy Forms- The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

NOTICE OF 2020 ANNUAL GENERAL MEETING (CONT'D)

(III) **Live Streaming of Meeting**

Shareholders will also be able to participate electronically through the Company's YouTube Channel where the meeting shall be streamed live and comments noted.

The link for the live streaming will be made available on the Company's website.

(IV) **Closure of Register of Members and Transfer Books**

The Register of Members and Transfer Books of the Company will be closed from June 15 to June 19, 2020 (both days inclusive) for the purpose of updating the Register of Members.

(V) **Proposed Dividend/Payment Date**

The Board of Directors of the Company, are recommending a dividend of ₦0.25kobo per share, payable less Withholding Tax. If approved at the meeting, the dividend will be paid electronically on June 25, 2020, to shareholders whose names appear on the Register of Members as at June 11, 2020, who have completed the e-dividend registration and mandated the Registrars to pay their dividends directly into their bank accounts.

(VI) **Unclaimed Share Certificates and Dividend Warrants**

Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as 'unclaimed'. Any shareholder affected by this notice is advised to contact the Company's Registrars, Meristem Registrars and Probate Services Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State, for resolution.

(VII) **E-Dividend**

Shareholders are kindly requested to update their records and advise the Registrars of their updated records and relevant bank accounts for payment of their dividends.

Detachable forms in respect of mandate for e-dividend payment, and shareholder data update are attached to the Annual Report for convenience. The forms can be downloaded from Meristem Registrars & Investor Services Limited's website at www.meristemregistrars.com

The duly completed forms should be delivered to Meristem Registrars & Investor Services Limited, 213, Herbert Macaulay, Yaba, Lagos.

(VIII) **Nominations to the Audit Committee**

In accordance with Section 359 (5) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004 (CAMA), any member may nominate a shareholder as a member of the Audit Committee, by giving notice in writing, of such nomination to reach the Company Secretary/Legal Adviser at least 21 days before the AGM.

(IX) **Election/Re-Election of Directors**

Mr Raj Mangtani and Engr. Patrick Buruche are retiring by rotation at this meeting in line with Section 259 of CAMA. The retiring Directors, being eligible, are offering themselves for re-election as Directors at the AGM.

The profiles of the Directors are contained in the Annual Report, which may be electronically downloaded at www.bergerpaintsnig.com.

NOTICE OF 2020 ANNUAL GENERAL MEETING (CONT'D)

(X) Electronic Annual Report

The electronic version of the Annual Report will be available online for viewing and download from our website: www.bergerpaintsnig.com. Shareholders who have provided their email addresses to the Registrar will receive the electronic version of the Annual Report via email. Furthermore, shareholders who are interested in receiving the electronic version of the Annual Report should request via email to info@meristemregistrars.com or customercare@bergerpaintnig.com.

(XI) Rights of Securities Holders

Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such written questions must be submitted to the Company Secretary/Legal Adviser, on or before June 19, 2020.

By Order of the Board



Ayokunle Ayoko

Company Secretary/Legal Adviser

FRC/2015/NBA/00000013900

102 Oba Akran Avenue

Ikeja, Lagos State

Dated the 19th day of May, 2020.



INFORMATION GUIDE FOR THE 60TH ANNUAL GENERAL MEETING

Dear Shareholders,

We welcome you to the Sixtieth (60th) Annual General Meeting (AGM) of our esteemed Company which is holding at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Wednesday June 24, 2020 at 10:00 a.m. The following resolutions along with the rationale for the proposed resolutions to be considered at the meeting are hereinafter detailed.

At the meeting, you will be asked to vote in favour of the following resolutions;

1. RESOLUTION ON REPORTS AND ACCOUNTS RESOLUTION

"That the Audited Accounts for the financial year ended December 31, 2019 together with the reports of the Directors, Auditors, Board Appraisers and Audit Committee thereon submitted to the meeting be received"

RATIONALE

This resolution is predicated on the requirements of section 334 of the Companies and Allied Matters Act, 2004 ('CAMA') which makes it mandatory for the Directors of Berger Paints Nigeria Plc. ('BPN' or 'the Company') to prepare Financial Statements for each year. In line with this provision, the 2019 Audited Financial Statements have been prepared and included in the 2019 Annual Report and Accounts which has been circulated to you. The Report also contains the Auditor's Report, the Audit Committee's Report, the Director's Report and the report of the External Consultants on the 2019 Board Appraisal.

The 2019 Audited Financial Statements gives an overview of the financial performance for the Company for the year ended December 31, 2019.

The Annual Accounts and Reports which also contains the Auditor's Report will be read before you at this meeting and is open for the inspection of any member.

Similarly, the Audit Committee, on which you have your representatives, is required by CAMA to make recommendations to the General Meeting on the company's performance and will be presenting its report accordingly.

The Director's Report, which will also be presented to you at the meeting, is required under Section 342 of CAMA to contain the following issues in respect of the Company;

- i. A fair view of the development of the business of the Company during the year and of their position at the end of it;
- ii. The amount (if any) which they recommend should be paid as dividend and the amount (if any) which they propose to carry to reserves;
- iii. The names of the persons who, at any time during the year, were Directors of the Company and the financial activities of the Company in the course of the year and any significant change in those activities in the year;
- iv. Director's interest in the Shares of the Company;
- v. Donations given by the Company within the financial year;
- vi. Information relative to the employment, training and advancement of disabled persons;
- vii. Information relative to the health, safety and welfare at work of the employees of the Company;
- viii. Information on Committees of the Board and its membership.

Finally, the report of the External Consultant's Appraisal report on the Board's performance will be presented to you to give you an overview of the Board's stewardship for the year under review.

In addition to the aforementioned reports being statutorily required, the Annual Report seeks to give shareholders a clear picture of our Company's performance for the outgoing financial year.

In the year 2019, your Company's growth strategy delivered with an impressive performance. A review of the financial result shows improved performance across all financial indices. Our revenue grew by 6% from ₦3.377 billion to ₦3.585 billion, gross profit for the year grew by 12% from ₦1.480 billion to ₦1.664 billion while the profit for the year grew by 40% from ₦320.5 million to an historic high of ₦448.7million. The modest growth in revenue was intended as we deferred scale achievement to maintain our focus on operational efficiency. We believe the numbers justify this approach. Indeed, operating profit was improved by 196% between the end of 2017 and end of 2019.

INFORMATION GUIDE FOR THE 60TH ANNUAL GENERAL MEETING (CONT'D)

There have been no structural changes in the landscape of the segments in which we operate and the market share of our brands remains strong. To buttress and sustain our position in the market, improve efficiencies and performance of the business into the future, a number of initiatives are being implemented.

We therefore urge you to vote in support of the motion to receive these report and the Audited Financial Statements.

2. RESOLUTION ON DIVIDEND PAYABLE RESOLUTION

"That a dividend payment in the total sum of ₦72,456,000 (Seventy Two Million Four Hundred and Fifty Six Thousand Naira only) which translates to ₦0.25kobo per 50 Kobo ordinary share of the company, subject to withholding tax, to shareholders whose names appear on our Company's Register of Members as at the close of business on June 11, 2020, be hereby approved."

RATIONALE

According to the provisions of Section 379 of CAMA, the Company may, in general meeting, declare dividends in respect of any year or other period only on the recommendation of the Directors. Section 379 (3) further provides that the general meeting shall have the power to decrease the amount of dividend recommended by the Directors but shall have no power to increase the recommended amount.

The Board of Directors has recommended the payment of the sum of ₦72,456,000 (Seventy Two Million Four Hundred and Fifty Six Thousand Naira only), out of the distributable reserve of the Company as dividend in respect of the financial year ended December 31, 2019. This translates to ₦0.25kobo per 50 kobo share of the company held, subject to withholding tax. The proposed represents 38% of cash dividend paid in 2019.

3. RESOLUTION ON RE-ELECTION OF DIRECTORS

3a. RESOLUTION

"That Mr Raj Mangtani, who having retired by rotation, being eligible and having offered himself for re-election, is duly re-elected".

RATIONALE

Section 259 of CAMA provides that unless there is a contrary provision in the Articles of Association of a Company, all the directors of the company shall at the first Annual General Meeting (AGM) retire from office and at subsequent AGMs, one third of the directors, or if their number is not three or a multiple of three, the number nearest to one-third shall retire.

In line with this provision of CAMA, one third of our Board of Directors have always retired at every AGM. In view of the aforementioned statutory provision, two directors will be retiring at this meeting. They are **Mr Raj Mangtani and Engr. Patrick Buruche**

The instant resolution therefore, is for your approval to re-elect Mr. Raj Mangtani who will be retiring from the Board, is eligible for re-election and has offered himself for re-election.

His profile is detailed in this report.

In view of the foregoing, we urge you to vote in support of the motion to re-elect Mr. Raj Mangtani to the Board as a Director.

3b. RESOLUTION

"That Engr. Patrick Buruche, who having retired by rotation, being eligible and having offered himself for re-election is duly re-elected"

RATIONALE

As explained above and in line with Section 259 of CAMA, Mr Raj Mangtani, will be retiring at this meeting and being eligible, is offering himself for re-election.

His profile is detailed in this report.

We urge you to vote in support of the motion to re-elect Engr. Patrick Buruche to the Board as a Director.

INFORMATION GUIDE FOR THE 60TH ANNUAL GENERAL MEETING (CONT'D)

4. RESOLUTION ON REMUNERATION AND EXPENSES OF THE COMPANY'S AUDITOR RESOLUTION

"That the remuneration and expenses of the Company's Auditor, Messrs KPMG be fixed by the Directors in respect of the period ending at the end of the next Annual General Meeting."

RATIONALE

Section 361(b) of CAMA provides that the remuneration of Auditors may be fixed by the company in General Meeting or in such manner as the company in General Meeting may determine.

In line with the referenced provision of CAMA, it is usual practice to ask the General Meeting to authorize the Board to negotiate and fix the remuneration of the External Auditor.

The Board will be guided in this regard by the Audit Committee in line with the provisions of Section 359 (6) (e) which provides that the Audit Committee shall make recommendations to the Board with regards the appointment, removal and remuneration of the Company's External Auditors.

The External Auditor is Messrs. KPMG Professional Services (KPMG).

We urge you to vote in support of the motion to authorize the Directors to fix the remuneration and expenses of the Company's Auditor KPMG in respect of the period ending at the end of the next Annual General Meeting.

5. RESOLUTION ON ELECTION OF AUDIT COMMITTEE RESOLUTION

Shareholders are requested to vote to elect the following nominees to serve on the Audit Committee for the current financial year;

1. _____	<i>(Shareholder Representative)</i>
2. _____	<i>(Shareholder Representative)</i>
3. _____	<i>(Shareholder Representative)</i>
4 <i>Chief Nelson Nweke</i>	<i>(Director)</i>
5 <i>Chief Musa Danjuma</i>	<i>(Director)</i>
6 <i>Engr Patrick Buruche</i>	<i>(Director)</i>

RATIONALE

According to the provisions of Section 359(4) of CAMA, all public companies are mandated to have Statutory Audit Committees (SAC) to ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices. The Committee shall have a maximum of six (6) members including three (3) shareholder representatives and three (3) Non-Executive directors.

In accordance with Section 359(5) of the Companies and Allied Matters Act (CAMA), any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the AGM. The Code of Corporate Governance of the Securities and Exchange Commission indicates that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

At the meeting, there will be an election to elect three shareholder representatives to serve on the Audit Committee for the 2020 financial year. The curriculum vitae (CVs) of the nominees have been collated in line with the requirements of the Code of Corporate Governance of the Securities and Exchange Commission. The collated CVs may be viewed on the Company's website.

In addition to the three representatives of the shareholders to be elected at the meeting, the following three members of the Board who are not subject to elections, are being proposed as the three designated Board members of the SAC for the 2020 financial year;

- ***Chief Nelson Nweke*** ***(Director)***
- ***Chief Musa Danjuma*** ***(Director)***
- ***Engr Patrick Buruche*** ***(Director)***

The profiles of the nominated directors to serve on the Statutory Audit are outlined in this report.

We urge you to vote in support of the motion to vote the elected shareholder representatives and board nominees to serve on the Statutory Audit Committee for the current financial year.

DIRECTORS' REPORT

The Directors are pleased to present to the distinguished members this Annual Report, together with the Audited Financial Statements of the Company for the year ended 31 December 2019.

1. Legal status

The Company was incorporated in Nigeria as a Private Limited Liability Company on 9 January, 1959 and was converted to a public limited liability company in 1973. The Company's shares were quoted on the Nigerian Stock Exchange with effect from 14 March 1974.

Its subsidiary, Lewis Berger Paints Ghana Limited was incorporated in Ghana with effect from 22 October, 2013 as a private limited liability company. As at 31 December 2019, the subsidiary has since remained dormant and had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

2. Principal activities

The principal activities of the Company remained the manufacturing and marketing of paints and allied products. The Company also holds an investment property.

3. Operating results

Information relating to changes during the year is indicated in the notes to the financial statements. In the opinion of the Directors, the fair value of the Company's properties is not substantially less than the value shown in the Financial Statements. The summary of the results is as follows:

<i>In thousands of naira</i>	2019	2018
Revenue	3,584,804	3,377,223
Operating profit	512,928	442,299
Profit before minimum tax	551,561	454,328
Profit before income tax	533,099	454,328
Profit for the year	448,733	320,509
Total comprehensive income for the year	448,733	320,509

4. Dividend

The directors are pleased to recommend to shareholders the payment of a dividend of 25 kobo per share for the 2019 financial year which amounts to ₦72,456,000 subject, to the approval of the members at the Annual General Meeting (2018: ₦188,385,000, that is, 65 kobo per share). If approved, the dividend is payable less withholding tax to all members whose names appear in the Company's Register of Members as at the close of business on June 11, 2020.

5. Corporate Governance

Whistleblowing

The Board encourages the exposure of unethical practices and all reported cases are investigated while the whistle blower is protected. Our Whistle Blowing Policy is displayed throughout our premises and on our website. Berger Paints Nigeria Plc. conducts its business with integrity and diligence and with total consideration for the interest of the shareholders and other stakeholders.

Respect For Law

Berger Paints Nigeria Plc. ensures that its existence and operations remain within the law and its employees are required to comply with the laws and regulations of Nigeria. To this end, the Company has a Code of Ethics which is publicly available and subscribed to by directors, staff and contractors. The Company, being a listed Company strives to comply with all laws and regulations, including post-listing requirements of the Nigerian Stock Exchange and the Rules and Regulations of the Securities and Exchange Commission, as well as the Code of Corporate Governance. To this end, returns were made periodically to the relevant regulatory authorities as and when due.

DIRECTORS' REPORT (CONT'D)

Role In The Larger Society

"Berger Paints Nigeria Plc. remains undisputedly, a leading paints manufacturer in this country, and as an integral part of the Nigerian society, the Company plays numerous roles. Apart from being a major employer of labour, Berger Paints is a supplier, a partner as well as a willing and uncompromising taxpayer. In doing all these, the Company impacts on the society in no small way. The Company's relationship with the shareholders and stakeholders is cordial and objective."

Integrity

The Company strives to maintain the highest standards of integrity in its operations. Accordingly, the Company condemns and does not give nor receive directly or otherwise any bribes, gratifications or obtain improper advantages for any business or financial gains. It is our policy to avoid any situation that will impact negatively on our operations.

6. Board of directors

(i) Composition of the Board and Attendance at Meetings

During the year under review, the Company was managed by a Board of eight Directors consisting of one Independent Non-Executive Director, six Non-Executive Directors (which included the Chairman) and one Executive Director (i.e. the Managing Director). The Board met six (6) times in 2019. In compliance with Section 258(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, the Record of Directors' attendance at Board meetings is exhibited for inspection at the meeting. It is summarized hereunder:

SN	Member	Jan. 22	Mar. 19	Apr. 16	Aug. 08	Oct. 24	Dec. 13	No. (6)
1	Mr. Abi Ayida	P	P	P	P	P	P	6
2	Chief Musa Danjuma	A	P	P	P	P	P	5
3	Chief Nelson Nweke	P	P	P	P	P	P	6
4	Mr. Raj Mangtani	P	P	P	P	P	P	6
5	Mr. Adekunle Olowokande	P	P	P	P	P	P	6
6	Engr. Patrick Buruche	P	P	P	P	P	P	6
7	Mr. Sanjay Datwani	P	P	P	P	P	P	6
8	Mr. Anjan Sircar	NYA	NYA	NYA	P	P	P	3

** P - Present **A - Apology ** NYA - Not Yet Appointed

(ii) Board Changes

Appointment Process - The Board appointment process is guided by an ethical and transparent process in line with best practices and extant regulations. Directors are selected on the basis of skills, expertise and experience, among other considerations. The Board Establishment, Remuneration and Governance Committee is saddled with the responsibility of identifying, considering and recommending potential directors to the Board. Upon confirmation by the Board, they are thereafter presented to the shareholders for approval. Mr. Anjan Sircar was appointed to the Board as the Managing Director on 30 April, 2019.

(iii) Board Training

Directors have the opportunity to attend programs, relating to governance and business practices, as part of their continuing education. For the 2019 financial year, all the directors attended the following trainings.

- Training on Corporate Governance/Board Governance Framework – Institute of Directors Centre for Corporate Governance – April 2019.
- Training on the new Finance Act – Messrs. PwC - December, 2019.

(iv) Directors retiring by rotation

The Directors retiring by rotation in accordance with the Companies and Allied Matters Act are Mr Raj Mangtani and Engr. Patrick Buruche who, being eligible offer themselves for re-election.

DIRECTORS' REPORT (CONT'D)

(v) Directors' interest in shares as at 31 December 2019

The interests of each Director in the shares of the Company, as at 31st December 2019, as recorded in the Register of Members and/or notified by the Directors for the purpose of section 275 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, and disclosed in accordance with the Listing Rules of Nigerian Stock Exchange are as stated below, along with the their interests in contracts:

Director	Direct Interest	Indirect Interest	Interest In Contracts	
Mr. Abi Ayida	625,601	Jurewa	16,685,111	None
		Alemaje and company Limited	16,315,506	
Chief Musa Danjuma	3,442,372	Nil	None	
Chief Nelson Nweke	234,320	Nil	None	
Mr. Raj Mangtani	Nil	Nil	Raw materials and product formulation, through Emychem Nigeria Ltd.	
Mr. Adekunle Olowokande	197,965	Nil	None	
Engr. Patrick Buruche	321,520	Nil	None	
Mr. Sanjay Datwani	Nil	Nil	Raw materials, through Clayton Finance Limited.	
Mr. Anjar Sircar	Nil	Nil	None	

(vi) Directors' Responsibilities

Berger Paints is committed to the highest ethical standards and best practices. The Board actively monitors the operations of the Company and is also responsible for safeguarding the assets of the Company by taking reasonable steps for the prevention/detection of fraud and other irregularities. The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year, and of the profit or loss for that year, in compliance with the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004. In so doing, the Directors ensure that:

- Proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and which ensure that Financial Statements comply with the requirements of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004;
- Appropriate internal control procedures are established which, as far as is reasonably possible, safeguard the assets of the Company, prevent and detect fraud and other irregularities;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted, consistently applied and supported by reasonable judgments and estimates; and
- The financial statements are prepared on a going concern basis, unless it is presumed that the Company will not continue in business.

7. Board Committees

In alignment with extant codes of corporate governance, the Board Finance & General Purpose Committee, Board Establishment, Remuneration & Governance Committee and Board Audit, Strategy & Risk Management Committee were in operation as at December 31 2019. The Board worked through these Committees, all of which were guided by Charters containing their terms of reference. The terms of reference of the Committees are summarized below, in addition to the record of directors' attendance:

DIRECTORS' REPORT (CONT'D)

Board Committees – Terms of Reference/Attendance at Meetings

Finance & General Purposes Committee: Review of financial statements, and monitoring of financial plans.

SN	Member	Mar. 20	Apr. 24	Jul. 12	Oct. 18	Nov. 22	No. (5)
1	Mr. Adekunle Olowokande (Chairman)	P	P	P	P	P	5
2	Chief Nelson Nweke	P	P	P	P	P	5
3	Mr. Sanjay Datwani	NYM	P	P	P	P	4
4	Eng. Patrick Buruche	P	P	P	P	P	5

** P - Present **A - Apology ** NYM - Not Yet Member

Establishment Remuneration & Governance Committee: Review of the management development and succession plans, as well as the assessment of the effectiveness of the Board's governance practices.

SN	Member	Feb. 20	Mar. 18	Apr. 05	Jul. 09	Sep. 26	No. (5)
1	Chief Nelson Nweke (Chairman)	P	P	P	P	P	5
2	Chief Musa Danjuma	P	P	P	P	P	5
3	Engr. Patrick Buruche	P	P	NMM	NMM	NMM	2
4	Mr. Raj Mangtani	P	P	P	P	A	4
5	Mr. Adekunle Olowokande	NYM	NYM	P	P	P	3

** P - Present **A - Apology ** NYM - Not Yet Member ** NMM - No More Member

Audit, Strategy & Risk Management Committee: Monitoring of the corporate strategy and review of the risk management policy.

SN	Member	Jan. 15	Feb. 20	Jun. 14	Oct. 17	No. (4)
1	Mr. Raj Mangtani (Chairman)	P	P	P	P	4
2	Mr. Kunle Olowokande	P	P	P	P	4
3	Mr. Sanjay Datwani	A	P	P	P	3

** P - Present **A - Apology

8. Statutory Audit committee

In accordance with the provisions of section 359(4) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, the Audit Committee comprises of three non-executive directors and three shareholders' representatives. The Committee, in the conduct of its affairs as stipulated in Section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, reviews the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members have direct access to both the Internal Auditors and the External Auditors. The Committee met 4 times in 2019 as detailed below.

The schedule of attendance at the meetings of the Committee for the year are detailed below:

DIRECTORS' REPORT (CONT'D)

SN	Member	Mar. 12	Jul. 16	Oct. 10	Dec. 05	No. (4)
1	Mr. Chibuzor Eke (Chairman)	P	P	P	P	4
2	Mrs. Mary Shofolahan	P	P	P	P	4
3	Mr. Taiwo Afinju	P	P	P	P	4
4	Chief Musa Danjuma	P	P	P	P	4
5	Chief Nelson Nweke	P	P	P	P	4
6	Mr. Adekunle Olowokande	P	NMM	NMM	NMM	1
7	Engr Patrick Buruche	NYM	P	P	P	3

** P - Present **A - Apology ** NMM - No More Member ** NYM - Not Yet Member

9. Donations and gifts

In compliance with Section 38 (2) of the Companies & Allied Matters Act CAP C20, Laws of the Federation of Nigeria, 2004, the Company did not make any donations to any political party, political association or for any political purpose during the year under review. Donations made during the year amounted to N1.03 million (2018: N0.9 million) as shown below:

Beneficiary	Purpose	2019
<i>In thousands of naira</i>		
Lagos State Environmental Protection Agency (LASEPA)	Donation of paint	131,856
Modupe Cole Memorial Childcare (Akoka)	Donations of food items/provision } 900,000	900,000
Old People's home (Yaba)		
SOS Children's Village (Isolo).		
Total		1,031,856

10. Quality policy and innovation

Berger Paints remains a forward-looking organization, which places premium on quality products. The Company is committed to improving quality through the use of identified processes, which are constantly monitored to meet approved international and local standards. These carefully monitored processes make it imperative that only high quality paints are produced and marketed by the Company. In recognition of the above, the Company was awarded the latest International Standard Certification ISO 9001:2015.

11. Subsequent events

"On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus.

Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by volatility of oil prices and currency exchange rates. For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

Except as disclosed above, there are no other significant events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2019, and its financial performance for the year then ended, that have not been adequately provided for or disclosed in these financial statements"

DIRECTORS' REPORT (CONT'D)

12. Risk management policy

There is an effective internal audit function, in addition to which the risk management control and compliance system operates efficiently. An Enterprise Risk Management Framework has been approved by the Board and implemented by Management. The objectives of the company's risk management policy are;

- Maximise the benefit from new opportunities, challenges and initiatives
- Avoid damage to our reputation
- Take appropriate risk for appropriate return while improving shareholders' value
- Prioritise effectively between different risks
- Demonstrate good corporate governance by managing our risks effectively

13. Safety and environmental policy

Health & Safety

The safety of our employees is a priority. The Company has taken every precaution to provide a safe workplace and there is a zero tolerance policy for workplace violence. Our operations and procedures are regularly certified by both state and federal regulatory agencies. Accidents are investigated, and corrective actions put in place to forestall future occurrences.

The Company has developed a number of policies to promote safety and minimize accidents in the workplace, and it ensures the safety of its staff and visitors through various means including:

- Ensuring that plant equipment are adequately maintained to prevent accidents.
- Using up to date methods to control hazards inherent in our operations.
- Providing personal protective equipment and enforcing its usage
- Ensuring that safe work procedures are followed
- Ensuring that jobs are awarded only to contractors with laudable safety performances
- Ensuring that the working environment is clean, tidy and conducive
- Implementing an effective emergency management program so as to minimize adverse impact on human and the environment, in case of emergencies; and
- Continuously training employees to create safety consciousness.

Sustainability

Part of the fulfilment of our environmental friendliness practice is to conduct a periodic environmental audit to monitor the significant environmental aspects of our operations and put in place controls that will minimize or eliminate their adverse impact on the environment. The Company also complies with all environmental laws and strives to minimize environmental impact associated with our activities through:

- The use of modern technology and expertise to reduce environmental pollution
- Conservation of resources in a cost effective manner
- The proper disposal or recycle of waste; and
- The assessment of the adverse impact of our raw materials or new products on both humans and the environment.

Wellbeing, diversity and other human resource policies

The Company's policy on managing diversity recognizes that there are differences among employees and that harnessing these differences create a productive environment in which everyone feels valued, their talents utilized and organizational goals met. We have also created an enabling environment where patterns of thinking are nurtured as a way of developing our employees as agents of change. Berger Paints Nigeria Plc. is committed to providing employment for people with physical challenges who are able to work. As at the end of the year, there was one (1) physically challenged person in the employment of Berger Paints Nigeria Plc (2018: 2)

Berger Paints Nigeria Plc. does not permit direct or indirect discrimination against any employee on the grounds of ethnicity, nationality, sex, sexual orientation, disability, religion, marital status or age. The Company encourages equal opportunities as a human resources policy and in dealing with human resources issues, we encourage equity, fair play, learning, quality of life, ethical operations among others.

DIRECTORS' REPORT (CONT'D)

Partnership, representation and dialogue are encouraged through staff associations. Our Talent Management Policy and the Technical Sales Trainee Scheme are examples of a commitment to continuous development of the skills and abilities of employees in order to maximize their contribution.

Berger Paints Nigeria Plc. has a fully funded and comprehensive health policy that covers not only members of the Berger family but their dependents as well, under a comprehensive plan with approved Health Management Organisations (HMO). In addition, we have an in-house clinic staffed by qualified personnel and conduct regular health and wellness talks for employees.

In compliance with the requirements of the National Health Insurance Act, our employees are given the opportunity to choose a health provider nearest to their residence, for health related matters outside the workplace.

We also have a policy on HIV/AIDS and other serious diseases which aims to reassure employees that AIDS is not spread through casual contact during normal work practices and also to reduce unrealistic fears about contracting the certain diseases in the work place.

The Company is fully compliant with the provisions of the revised Pension Reform Act, 2014. Berger Paints staff enjoy highly subsidized meals served in a hygienically maintained canteen. The Company believes that productivity emanates from a healthy mind in a healthy body.

14. **Berger Business Partners**

The Company has numerous business partners and dealers all over the country who have contributed to the turnover and to whom the Company remains grateful. Our Berger Business Partners are detailed in the Annual Report.

15. **Independent auditor**

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as independent auditors to the Company. In accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria, CAP C20 Laws of the Federation of Nigeria, 2004 therefore, the auditor will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

16. **Compliance with regulatory requirements & company policies**

The Company in the year under review did not contravene the rules of any of the regulatory authorities and did not receive any warnings or sanctions. The Company has adopted a policy regulating the procedure for handling shareholders' complaints, as well as a policy on trading in the Company's shares. These can be found on the Company's website at www.bergerpaintsnig.com.

17. **Responsibility for Accuracy of Information**

Pursuant to Article 2.2.4 of the Amended Listing Rules 2015 of the Nigerian Stock Exchange, the directors accept responsibility for the accuracy of the information contained in this report.

BY ORDER OF THE BOARD



Ayokunle Ayoko
Company Secretary/Legal Adviser

FRC/2015/NBA/00000013900

May 19, 2020

CORPORATE GOVERNANCE REPORT

For the year ended December 31 2019

Berger Paints Nigeria Plc. (BPN) maintains the highest standards of Corporate Governance and best practice within the paints manufacturing industry. The Board of Directors ensures that best governance practices and ethical dealings are distilled across the company's operations and business hierarchy by demonstrating the appropriate 'tone at the top' in its approach to governance.

Compliance with Codes of Corporate Governance

During the period under review, the Directors, Management team and employees complied with the Securities and Exchange Commission (SEC) issued Code of Corporate Governance for public companies, listing rules of the Nigerian Stock Exchange and the Nigerian Code of Corporate Governance (NCCG).

Shareholding

BPN has a diverse shareholding structure with no single ultimate individual shareholder holding more than 20% of the Company's total shares.

Board of directors

The Board has the overall responsibility for setting the strategic direction of the Company and also oversight of senior Management. It also ensures that good Corporate Governance processes and best practices are implemented.

The Board is comprised of persons of diverse discipline and skills, chosen on the basis of professional background and expertise, business experience and integrity as well as knowledge of BPN's business.

Directors are fully abreast of their responsibilities and knowledgeable in the business and are therefore able to exercise good judgment on issues.

The Board and Board Committees have respective Charters regulating their operations.

Board Composition

The Board is made up of a Non-Executive Chairman, five (5) Non-Executive Directors, One (1) Independent Non - Executive Director and One (1) Executive Director who is the MD/CEO.

The MD/CEO is responsible for the day to day running of the Company assisted by the Management Committee.

Distinct roles of Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate and not combined in one individual. The Chairman's provides leadership to the Board to ensure that it operates effectively. The Chairman also facilitates the contribution of Directors and promotes effective relationships and open communications between Directors.

The responsibility for the day-to-day management of the Company has been delegated to the Managing Director/Chief Executive Officer. Nonetheless, the Board regularly reviews the Company's financial performance, matters of strategic concern, and any other matter it regards as material.

Induction and continuous training

Upon appointment to the Board, Directors receive an induction tailored to meet their individual requirements. The induction may include meetings with senior management and operations staff, to assist Directors in acquiring a detailed understanding of the Company's operations, and to introduce Directors to their fiduciary duties and responsibilities.

The Company attaches great importance to training its Directors and for this purpose, continuously offers training and education to its Directors to enhance their performance on the Board and the various Committees to which they belong.

Director Remuneration Policy

The Company's Director Remuneration policy is structured taking into account the environment in which it operates and the prevailing industry standard. It includes the following elements:

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended December 31 2019

- **Non-Executive Directors**

The Company's policy on remuneration of Non-Executive Directors is guided by the provision of the SEC and NCCG Codes which stipulates that Non-Executive Directors' remuneration should be limited to sitting allowances, Directors' fees and reimbursable expenses.

Directors may also be sponsored for training programmes that may enhance their duties to the Company.

- **Executive Directors**

The remuneration policy for Executive Directors considers various elements, including the following:

- Fixed remuneration, taking into account the competitiveness of remuneration paid for equivalent posts in similar manufacturing companies in Nigeria.
- Variable annual remuneration subject to achieving specific quantifiable targets.

Whistle Blowing Procedure

The Company has a whistle-blowing procedure that ensures anonymity for whistle-blowers. The Company has contact details on its website, provided for the purpose of whistle-blowing. All reports are investigated and necessary sanctions applied for breaches.

Regulatory Infractions

For the 2019 financial year, no regulatory infraction was recorded.

Communication with Stakeholders

The Company ensures open communication with stakeholders and major developments are constantly and immediately disclosed to the market and stakeholders through the Issuers Portal of the Nigerian Stock Exchange.

The Company also ensures that complaints received from shareholders are dealt with promptly with the assistance of the Company's Registrars and details entered into the company electronic complaint management register.

Access to Independent Professional Advice

The Board is authorised to act at the company's expense, obtain independent/professional advice from expert as required in the discharge of their responsibilities subject to due approvals. This option was exercised at different times during the 2018 financial year.

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended December 31 2019



Mr. Adekunle Olowokande

Chairman, Finance and General Purpose Committee

Finance & General Purposes Committee:

The Finance and General Purpose Committee is primarily tasked with the responsibility of making recommendations to the Board on the Company's overall financial performance, capital and operating expenditures, investments proposals and placement of funds proposals as referred to it by the Management Committee.

More specifically, some of the Committee's responsibilities as outlined in its Charter are to:

Responsibilities of the Committee

- Consider and review the Company's financial performance, including significant capital allocations and expenditures.
- Review debts owed to the Company and recovery efforts made by Management.
- Review management accounts, forecasts and other financial statements.
- Consider and review reports from the Management on stock of raw materials and finished products and strategies to keep these within approved limits.
- Review, endorse and recommend for Board approval, the establishment and review of investment policy and procedure.
- Consider and review reports on the Company's investments and ensure that all investment activities are guided by the investment policy.
- Oversee the administration, effectiveness and compliance with the company's investment policies through the review of the processes and report to the Board on recommendations of the Management on placement proposals.
- Consider and review the annual budget and ensure that expenditure is within the approved budget.
- Recommend the dividend policy, including nature and timing.
- Ensure that an effective tax policy is implemented.
- Handle other duties and responsibilities delegated to the Committee by the Board.

Composition

- The membership and tenure of the Committee is determined by the Board and guided by the Committee's Charter. The Charter stipulates that the Committee shall comprise of members with balanced views, knowledge of credit, investment, finance and general management or entrepreneurial experience with at least one (1) member possessing deep knowledge of finance and investment matters. Specifically, the Committee membership shall be consisted of the following
- The Managing Director and/or an Executive Director
- At least two Non-Executive Directors

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended December 31 2019



Chief Nelson Nweke

Chairman, Establishment Remuneration & Governance Committee

Establishment, Remuneration & Governance Committee:

The Establishment, Remuneration & Governance Committee is tasked with the responsibility of making recommendations to the Board on recruitment, compensation and benefits, promotions and disciplinary issues affecting senior officers of the company on Manager grade and above.

The Committee also considers the nomination of new directors to the Board, Succession planning for key positions on the Board and Management, training of directors, recommending director's remuneration and overseeing board performance and evaluation. Additionally the Committee oversees the development and maintenance of appropriate corporate governance framework for the Company and ensuring compliance with extant Codes of corporate governance.

Specifically, some of the Committee's responsibilities as outlined in its Charter are to:

Responsibilities Of The Committee

- Review the recruitment, promotion and employment termination of senior officers on Manager grade and above;
- Consider disciplinary action to be carried out against senior officers from Manager grade and above;
- Review organizational structure, remuneration policy and policies covering the evaluation, compensation and provision of benefits to employees and any other human capital issues;
- Make recommendations to the Board regarding the remuneration, of the Board and its committees.
- Oversee the compliance with the corporate governance framework.
- Review of composition and the experience required by Board committee members, committee appointments and removal, operating structure, reporting and other Committee operational matters.
- Consider and make recommendations to the Board on appointment and re-election of directors (including the CEO).
- Ensure that all new directors receive a formal letter of appointment specifying their tenure, responsibilities, board committee involvement and other relevant details.
- Ensure the Board composition includes at least one (1) independent director.
- Ensure that new directors receive a formal induction program.
- Ensure the development and implementation of an annual training plan for continuous education of all Board members which will provide for periodic briefings on relevant laws and regulations to Board members.
- Ensure adequate succession planning for Board of Directors and key management staff in BPN.
- Review and make recommendations to the Board for approval of the terms and conditions of employment of company's staff, its staff handbook and any proposed amendment.
- Nominate independent consultants to conduct annual review/appraisal of the performance of the Board and make recommendations to the Board in this regard. This review/appraisal should cover all aspects of the Board's structure, composition, responsibilities, individual competencies, board operations, board's role in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance and stewardship to shareholders.

Composition

The membership and tenure of the Committee is determined by the Board and guided by the Committee's Charter. The Charter stipulates that the Committee shall comprise of members with good knowledge of Governance and at least one member with Human Resources Experience.

Specifically, the composition shall include:

- One Independent Non-Executive Director who shall be the Chairman of the Committee; and
- At least two Non-Executive Directors.

The Managing Director or Executive Director (s) are precluded from being members of this Committee but may be invited to attend from time to time.

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended December 31 2019



Mr. Raj Mangtani

Chairman, Strategy & Risk Management Committee

Audit, Strategy & Risk Management Committee:

The Board Audit, Strategy & Risk Management Committee is tasked with the responsibility of making recommendations to the Board on the Company's long term strategy, risks and opportunities relating to the strategy, identification, evaluation and mitigation of risks and monitoring of the strategy and risk management framework of the Company.

Some of the Committee's specific responsibilities shall be to:

Responsibilities of the Committee

- Review and monitor the Company's strategic plan, initiatives and investments.
- Monitor changes and trends in the business environment.
- Review the adequacy and effectiveness of risk management and controls.
- Evaluate and Assess the Company's risk management framework, including Management's process for the identification, prevention and reporting of significant risks.
- Review the Company's compliance level with laws and regulatory requirements that may impact the company's risk profile.
- Review the policy framework and ensure that the appropriate policies are in place.
- Develop the Company's Corporate Social Responsibility policy.
- Understand, identify and discuss with management the key issues, assumptions, risks and opportunities relating to the development and implementation of the company's strategic thrusts.
- Arrange an annual strategy retreat for the Board and management, ensuring that the Board retains sufficient knowledge of BPN's businesses in order to provide strategic input and identify any critical strategic discontinuities in management's assumptions and planning premises.
- Review the resources made available by Management including business plans and financial, operational and human resources required to implement the agreed strategy.
- Regularly review strategic planning and implementation monitoring process.

Composition of the Committee

The membership and tenure of the Committee is determined by the Board and guided by the Committee's Charter. The Charter stipulates that the Committee shall comprise of members representing balanced views, knowledge of Risk Management and Strategic Planning experience. At least one (1) member should possess deep knowledge of Risk Management and Strategic Planning matters.

Specifically, the composition shall include:

- The Managing Director and/or an Executive Director
- At least two Non-Executive Directors.

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended December 31 2019



Mr. Chibuzor Eke

Chairman, Statutory Audit Committee

Statutory Audit Committee

The Statutory Audit Committee In accordance with the provisions of section 359(4) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004. According to the provisions of the above referenced section, all public companies are mandated to have Statutory Audit Committees (SAC) to ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

Responsibilities of the Committee

The Committee, guided by Section 359 (6) of the Companies and Allied Matters Act (CAMA) 2004, reviews the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members have direct access to both the Internal Auditors and the External Auditors.

In line with the provisions of CAMA, the Committee's responsibilities shall be to:

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical policies.
- Review the scope and planning of audit by the external auditors including identified risk areas, relevance of audit plan to audit approach, and reporting time table.
- Review the effectiveness of the Company's system of accounting and internal control.
- Review the statutory auditors' management letter and ensure adequacy of Management's response;
- Make recommendation to the Board with regard to the appointment, removal and remuneration of the statutory auditors of the Company;
- Authorize the internal auditor to carry out investigation into any activities of the Company which may be of interest or concern to the Committee;
- Review the integrity of the Company's financial reporting and oversee the independence and objectivity of the external auditors; and
- All such other matters as are reserved to the Audit Committee by the Companies and Allied Matters Act (Cap C20) Laws of the Federation of Nigeria, 2004 and the provisions of the SEC Code of Corporate Governance.

Composition

The composition is guided by CAMA which stipulates that the Committee shall have a maximum of six (6) members including three (3) Shareholder Representatives and three (3) Non-Executive Directors. The Code of Corporate Governance of the Securities and Exchange Commission indicate that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

The membership of the Committee is subject to shareholder approval annually.

APPLICATION OF THE RECOMMENDED CORPORATE GOVERNANCE PRACTICES IN THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018

Principle 1 - A successful company is headed by an effective Board which is responsible for providing entrepreneurial and strategic leadership as well as promoting ethical culture and responsible corporate citizenship. As a link between stakeholders and the Company, the Board is to exercise oversight and control to ensure that Management acts in the best interest of the shareholders and other stakeholders while sustaining the prosperity of the Company.

The Board has consistently demonstrated good leadership, enterprise, integrity and judgment in its oversight and control of the Company so as to achieve the Company's continued sustainability;

With an Executive to Non-Executive director ratio of one to seven, the Board is sufficiently composed to be devoid of Management influence, effectively supervise Management and enhance shareholder value.

A report of how the Board has acted in the shareholder's interest is usually detailed in the annual report presented at the Annual General Meeting.

Principle 2 - The effective discharge of the responsibilities of the Board and its committees is assured by an appropriate balance of skills and diversity (including experience and gender) without compromising competence, independence and integrity.

The Board, as is presently composed of a good mix of diverse expertise, skills and experience as may be gleaned from the individual profiles of the directors. Gender diversity is firmly in view of the Board and steps are being taken to ensure better diversity is achieved in this regard.

Principle 3 - The Chairman is responsible for providing overall leadership of the Company and the Board, and eliciting the constructive participation of all Directors to facilitate effective direction of the Board.

The Chairman provides leadership for the Company and the Board. He is also responsible for Chairing the Board and general meetings where the participation of directors and members are solicited and considered.

Principle 4 - The Managing Director/Chief Executive Officer is the head of management delegated by the Board to run the affairs of the Company to achieve its strategic objectives for sustainable corporate performance.

The Company has in place a Management Committee which is governed by a Charter. The MD/CEO acts as the head of the Committee and provides leadership to the management team.

Principle 5 - Executive Directors support the Managing Director/Chief Executive Officer in the operations and management of the Company.

Currently, the Managing Director is the only Executive Director on the Board. He is however supported by the Chief Operations Officer, Chief Manufacturing Officer and other Management team in the operations and management of the Company.

Principle 6 - Non-Executive Directors bring to bear their knowledge, expertise and independent judgment on issues of strategy and performance on the Board.

Non-Executive Directors are usually appointed on the basis of their knowledge, expertise and independent judgment. They bring this to bear not only on issues of strategy but on all issues wherein their input is required in the management of the Company.

Principle 7 - Independent Non-Executive Directors bring a high degree of objectivity to the Board for sustaining stakeholder trust and confidence.

Currently, there is one Independent Non-Executive Director on the Board and he is well aware of his responsibility to act with objectivity and independence. There are plans by the Board to increase the number of Independent Non-Executive Directors in the near future.

Principle 8 - The Company Secretary plays an important role in supporting the effectiveness of the Board by assisting the Board and management to develop good corporate governance practices and culture within the Company.

The Company Secretary has assisted the Board in the development of good corporate governance through legal and governance advisory. He has also proved crucial in the preparation of the Company's governance framework, charters and policies.

APPLICATION OF THE RECOMMENDED CORPORATE GOVERNANCE PRACTICES IN THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 (CONT'D)

Principle 9 - Directors are sometimes required to make decisions of a technical and complex nature that may require independent external expertise.

In recognition of the sometimes complex and technical nature of the decisions to be taken by Directors, provision is made at the Company's cost for the engagement of external experts/consultants as may be required. This option was utilized severally during the 2019 financial year.

Principle 10 - Meetings are the principal vehicle for conducting the business of the Board and successfully fulfilling the strategic objectives of the Company.

This recommended practice is the principal platform for decision making within BPN. At the Board level, Board meetings are the principal avenue for making decisions for the management of the Company. After such meetings, resolutions are thereafter communicated and circulated for the information and action of relevant personnel.

Principle 11 - To ensure efficiency and effectiveness, the Board delegates some of its functions, duties and responsibilities to well-structured committees, without abdicating its responsibilities.

At BPN, the Board delegates some of its responsibilities and duties to Board Committees who are composed on specialists in the relevant focus areas. The following Board Committees were in place for the 2019 financial year:

- Board Establishment, Remuneration and Governance Committee
- Board Audit, Strategy and Risk Management Committee
- Board Finance and General Purpose Committee

The Statutory Audit Committee was also operational and composed of an equal number of Directors and shareholder representatives.

All these Committees have duly approved charters governing their structure, responsibilities, and operations. Additionally, there is an approved governance framework which details the relationship and interconnectivity of these Committees to the Board.

Principle 12 - A written, clearly defined, rigorous, formal and transparent procedure serves as a guide for the selection of Directors to ensure the appointment of high quality individuals to the Board.

A formal and transparent procedure exists and serves as a guide for the selection of Directors. This process is detailed in the Board Charter and restated in the Annual Report and Accounts.

Principle 13 - A formal induction program on joining the Board as well as regular training assists Directors to effectively discharge their duties to the Company.

A formal Induction program was organized for the Managing Director and other Management team who joined the Company during the year under review. The Board Charter and Director Training policy also makes provision for, and details the process for induction for new directors.

Additionally, the Board has in place an approved Director training policy providing a guide and approach to Director capacity development. At the beginning of the year, the Board approves an annual training plan to address identified capacity gaps on the Board.

Principle 14 - Annual Board evaluation assesses how each Director, the committees of the Board and the Board are committed to their roles, work together and continue to contribute effectively to the achievement of the Company's objectives.

The Board recognizes the importance of undertaking this annual evaluation and the Services of Messrs. DCSL was retained during the 2019 financial year for this purpose. Part of the scope of the evaluation includes the assessment of commitment of Directors, peer review and alignment with best governance practices.

Principle 15 - Institutionalizing a system for evaluating the Company's corporate governance practices ensures that its governance standards, practices and processes are adequate and effective.

This is part of the focus and end result of the evaluation process described above. The process seeks to undertake comprehensive review of the standards, practices and processes of the Board.

APPLICATION OF THE RECOMMENDED CORPORATE GOVERNANCE PRACTICES IN THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 (CONT'D)

Principle 16 - The Board ensures that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

BPN's compensation and reward philosophy represents the values and beliefs that drive compensation policy in the organization. The Company's compensation philosophy is driven by the quest to attract and retain highly skilled personnel who will keep the Company ahead of competition. In reviewing the Company's compensation package, some of the triggers for compensation review include organizational policy, market positioning, financial performance, government policies, regulations, industry trends, inflation and the cost of living index.

The Board's compensation and reward strategy is aimed at attracting, rewarding and retaining a motivated talent pool to drive the Company's values, ideology and strategic aspirations.

The compensation strategy supports its corporate strategy and is reviewed as required to reflect changes in internal and external environmental conditions. The compensation structure is categorized into Remuneration, Perquisites and Benefits and is detailed as follows:

- Base pay includes the salary component for the defined job grade and is mainly cash-based. It is guaranteed and payable monthly in arrears, as per the employment contract. It is the basis for the computation of some allowances and most benefits.
- Allowances are other pay items outside base pay. These are structured to support a standard of living for respective grades. These allowances include housing, furniture, lunch and clothing, etc. They are payable in cash and are paid monthly, quarterly or yearly for tax planning, liquidity planning and staff convenience. Allowances are separated into two: those that form part of staff salary and those categorized purely as allowances.
- Bonuses/incentives are related to achievement of organizational and individual targets and it may be cash or non-cash, such as performance bonuses and commendation letters.
- Perquisites are usually lifestyle-oriented and designed to ensure comfort, motivation, commitment and retention of staff, particularly those at senior level or with high potential. These may include status cars, generators, gym equipment's etc.
- Benefits are entitlements usually attainable subject to organizational conditions. They include leave, medical allowance and club subscriptions.

Remuneration for Directors

Non-Executive

Non-Executive Directors receive fixed annual fees and sitting allowances for service on Boards and Board Committee meetings. There are no contractual arrangements for compensation for loss of office. Non-Executive Directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

Executive Directors

Remuneration for the MD/CEO is performance-driven and restricted to base salaries, allowances and performance bonuses. The MD/CEO is not entitled to sitting allowances.

Principle 17 - A sound framework for managing risk and ensuring an effective internal control system is essential for achieving the strategic objectives of the Company.

The Board has approved an Enterprise Risk Management System to monitor risks to the business. A risk register has also been developed which indicates the top risks to the business at every point in time.

The internal Control function was hitherto undertaken by the outsourced internal auditor. However, the Board has kick started the process of delineating the internal audit and internal control functions in line with best practice and to ensure independence. It is expected that this process will be concluded before the AGM.

APPLICATION OF THE RECOMMENDED CORPORATE GOVERNANCE PRACTICES IN THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 (CONT'D)

Principle 18 - An effective internal audit function provides assurance to the Board on the effectiveness of the governance, risk management and internal control systems.

The Board has appointed an outsourced internal audit firm tasked with overseeing the internal audit function of the Company. The firm is tasked with the responsibility of providing assurance to the Statutory Audit Committee and the Board on the effectiveness of the governance, risk management and internal control systems.

Principle 19 - An effective whistle-blowing framework for reporting any illegal or unethical behavior minimizes the Company's exposure and prevents recurrence.

The Company has in place a Whistle Blowing policy which has been communicated to stakeholder and is also on the Company's website.

Principle 20 - An external auditor is appointed to provide an independent opinion on the true and fair view of the financial statements of the Company to give assurance to stakeholders on the reliability of the financial statements.

For the 2019 financial year, the firm of Messrs. KPMG was engaged to provide an independent opinion on the true and fair view of the financial statements of the Company to give assurance to stakeholders on the reliability of the financial statements.

Principle 21 - General Meetings are important platforms for the Board to engage shareholders to facilitate greater understanding of the Company's business, governance and performance. They provide shareholders with an opportunity to exercise their ownership rights and express their views to the Board on any areas of interest.

The Board's approach to general meetings is to see the meetings as a platform for accountability. The general meetings provide an avenue for the Board to give an account of its stewardship for the preceding financial year or for any special requests.

General meetings thus provide an avenue for the shareholders to ask pertinent questions relating to the administration of the Company and directly from the Board. At BPN, shareholders are encouraged to ask questions.

As highlighted in the Notice of AGM, the Board has highlighted the right of shareholders to ask questions not only at the Meeting, but also in writing prior to the Meeting.

Principle 22 - The establishment of a system of regular dialogue with shareholders balances their needs, interests and expectations with the objectives of the Company.

The Board is always open to interactions with members of the Company and utilize every opportunity to engage within the confines of regulatory guidelines.

The Secretariat is also accessible to members for resolution of complaints and responding to enquiries.

Principle 23 - Equitable treatment of shareholders and the protection of their statutory and general rights, particularly the interest of minority shareholders, promote good governance.

The rights of all shareholders in BPN are equal and minority shareholder rights are protected at all times in line with extant regulations.

All members of the Company have access to the Board and the secretariat and treated equally.

Principle 24 - The establishment of professional business and ethical standards underscores the values for the protection and enhancement of the reputation of the Company while promoting good conduct and investor confidence.

The Company has in place a code of ethics that governs internal and external stakeholders. Additionally, the Board has an approved Director ethics policy which is attested to annually by the Directors.'

This underscores the approach of the leadership to ethical dealings. Professionalism and good business practices are never compromised and the Board has set the tone at the top to recognize and inculcate this approach to business dealings.

APPLICATION OF THE RECOMMENDED CORPORATE GOVERNANCE PRACTICES IN THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 (CONT'D)

Principle 25 - The establishment of policies and mechanisms for monitoring insider trading, related party transactions, conflict of interest and other corrupt activities, mitigates the adverse effects of these abuses on the Company and promotes good ethical conduct and investor confidence.

The Board has put in place a Securities Trading policy which is in alignment with regulations and codes of corporate governance. Insider lists are regularly updated and communicated to regulators. The insiders are also educated on the policy and notified prior to closed periods.

To ensure compliance with avoidance of insider trading by the Company's insiders, the Insiders are informed well ahead of closed periods to avoid trading in the shares of the Company. Additionally, the insider list is forwarded to the Company's Registrars to flag any such transactions.

To the best of our knowledge, there was no insider dealing within the year under review.

Principle 26 - Paying adequate attention to sustainability issues including environment, social, occupational and community health and safety ensures successful long term business performance and projects the Company as a responsible corporate citizen contributing to economic development.

Being a Company which has been in operation for over sixty years, sustainability of the business is a major considerations of the Board. With an understanding that the business will not be sustainable without the stakeholders, our business operations are undertaken with environmental, social, occupational and community health and safety considerations.

Additionally, as responsible corporate citizens, the Company is engaged in corporate social projects, details of which are contained in this Report.

Principle 27 - Communicating and interacting with stakeholders keeps them conversant with the activities of the Company and assists them in making informed decisions.

The Board's approach to stakeholder management is to ensure that all relevant information is disclosed to shareholders in a transparent and timely fashion.

In line with section 17 of the Nigerian Stock Exchange's Rulebook (2015), the Company endeavored to promptly disclose issues of materially price sensitive information to the market through the Issuers Portal/Website of the Nigerian Stock exchange. Additionally, periodic enquiries from shareholders were attended to within the year under review.

Principle 28 - Full and comprehensive disclosure of all matters material to investors and stakeholders, and of matters set out in this Code, ensures proper monitoring of its implementation which engenders good corporate governance practice.

As explained above, the Company is constantly engaging shareholders on significant developments relating to the Company.

Also, the Company always ensures that disclosures contained in the Annual report go beyond regulatory requirements and are detailed enough to give a comprehensive overview of the Company's operations within the previous financial year.

STATEMENT OF COMPLIANCE WITH REGULATIONS

STATEMENT OF COMPLIANCE WITH THE NIGERIAN STOCK EXCHANGE (NSE) LISTING RULES ON SECURITIES TRADING POLICY

In line with Section 14.4 of the Nigerian Stock Exchange (NSE) Amendments to the Listing Rules (Rules), we wish to state that Berger Paints Nigeria Plc (BPN) has adopted a code of conduct regarding securities transactions by our directors and it is in line with the required standard set out in the NSE Rules.

Having made specific enquiry of all our directors regarding compliance with BPN's Securities Trading Policy (Policy), we hereby confirm to the best of our knowledge that our Board of Directors are compliant with the Policy and NSE Rules on Securities Trading.



Ayokunle Ayoko
Company Secretary/Legal Adviser



Abi Ayida
Chairman

STATEMENT OF COMPLIANCE WITH THE SEC CODE OF CORPORATE GOVERNANCE

In compliance with Section 34.7 of the SEC Code of Corporate Governance (SEC Code), we hereby confirm to the best of our knowledge that Berger Paints Nigeria Plc. is in full compliance with the Code. We also confirm as follows:

1. Internal Audit functions exist in the company. Similarly, risk management and compliance systems are operating efficiently and effectively in all respects.
2. This report contains a report on the company's sustainability initiatives as required under Section 28, Part D of the SEC Code.
3. Details and nature of related party transactions, are being monitored and included in the Audited Financial Statements contained in the Annual Report.



Ayokunle Ayoko
Company Secretary/Legal Adviser



Abi Ayida
Chairman



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STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2019

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view 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 Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

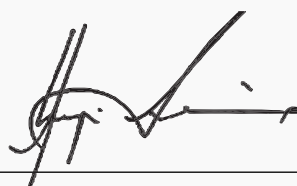
SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Abi Ayida (FRC/2019/IODN/00000019260)

Chairman

May 19, 2020



Anjan Sircar (FRC/2020/003/00000020547)

Managing Director/CEO

May 19, 2020

BOARD APPRAISER REPORT ON 2019 EVALUATION

DCSL Corporate Services Limited

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Tel: +234 9 4614902-5

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF BERGER PAINTS NIGERIA PLC FOR THE YEAR-ENDED DECEMBER 31, 2019

DCSL Corporate Services Limited (DCSL) was engaged by Berger Paints Plc (“Berger Paints”, “the Company”) to carry out an evaluation of the performance of the Board of Directors for the year-ended 31st December 2019 in line with the provisions of **Section 15.6 of the Securities and Exchange Commission Code (the SEC Code) and Principle 15.1 of the Nigerian Code of Corporate Governance 2018 (NCCG Code)**, as well as global best practices on Corporate Governance. The appraisal entailed a review of the Company’s corporate and statutory documents, minutes of Board and Committee meetings, policies and other ancillary documents made available to us, and the administration of questionnaires. To ascertain the extent of compliance with relevant corporate governance principles, and the performance of the Board in general, we benchmarked the Company’s corporate governance structures, policies and processes against the provisions of the SEC and NCCG Codes as well as global best practices and considered the following seven key corporate governance themes:

1. Board Structure and Composition
2. Strategy and Planning
3. Board Operations and Effectiveness
4. Measuring and Monitoring of Performance
5. Risk Management and Compliance
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Our review confirms that the Board has substantially complied with the provisions of the SEC and NCCG Codes, as well as other relevant corporate governance best practices. The Peer Assessment undertaken indicates that individual Directors performed satisfactorily against the parameters used for the appraisal and remain committed to enhancing the Company’s growth.

The Board also applied itself toward realizing the goals and objectives set in the Company’s Strategic Plan. Alongside Management, the Board ensured that relevant human and financial resources that would aid the implementation of the strategy were availed in sufficient quality and quantity and provided adequate oversight over the implementation of the Plan.

Whilst commending the Board for its efforts thus far towards ensuring compliance with the Codes we have brought to the attention of the Board a few areas which require improvement and we are confident that the Board will heed our recommendations in respect of these.

Details of our key findings and recommendations are contained in our detailed Report.

Yours faithfully,

For: DCSL Corporate Services Ltd



Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

REPORT ON THE STATUTORY AUDIT COMMITTEE

In compliance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004 (Act), we, the members of the Audit Committee of Berger Paints Nigeria Plc., having carried out our statutory functions under the Act hereby report that:

1. The scope and planning of both the external and internal audit programs for the year ended 31st December, 2019 were adequate in our opinion.
2. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.
3. The internal control was being constantly and effectively monitored.
4. Having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management response thereon.

Finally, we acknowledge the cooperation of Management in the conduct of these duties.

The members of the Audit Committee for the 2019 financial year were:

Members of the Committee

1	Mr Chibuzor Eke	Shareholder Representative/Chairman
2	Mrs Mary Joke Shofolahan	Shareholder Representative/Member
3	Mr Taiwo Afinju	Shareholder Representative/Member
4	Chief Nelson Nweke	Independent Non-Executive Director/Member
5	Chief Musa Danjuma	Non-Executive Director/Member
6	Engr. Patrick Buruche	Non-Executive Director/Member

The Company Secretary /Legal Adviser, Mr. Ayokunle Ayoko serves as the Secretary to the Committee.

Dated March 10, 2020



Mr. Chibuzor Eke
Chairman, Audit Committee
FRC/2013/NIMN/00000004670

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Berger Paints Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berger Paints Nigeria Plc ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 57 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Revenue is the most significant item in the Statement of Profit or Loss and Other Comprehensive Income and impacts key performance indicators on which the Company and its Directors are assessed. Its significance makes revenue a matter of focus in our audit. Furthermore, the recognition and measurement of revenue from rendering painting services to customers requires the application of judgement by management in the estimation of the percentage of completion of individual contracts as at year end.

How the matter was addressed in the audit

Our audit procedures included the following:

- evaluated the design, implementation and operating effectiveness of key controls established within the revenue process;
- obtained a sample of revenue transactions recognised for the year and agreed to invoices and delivery waybills acknowledged by customers;

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Registered in Nigeria No BN 986925

Partners:

Adebisi O. Lamikanra	Adegoke A. Oyelami	Adesunle A. Elebute	Adetola P. Adeyemi
Adewale K. Ajayi	Ajibola O. Olomola	Akinyemi Ashade	Ayobami L. Salami
Ayodele A. Soyinka	Ayodele H. Othihiwa	Chibuzor N. Anyanwuchi	Chineme B. Nwigbo
Elijah O. Oladunmoye	Goodluck C. Obi	Ibitomi M. Adesoji	Ijeoma T. Emezie-Ezigbo
Joseph O. Tegbe	Kabir O. Okunlola	Lawrence C. Amadi	Mohammed M. Adama
Nneka C. Eluma	Oguntayo I. Ogungbenro	Olabimpe S. Afolabi	Oladimeji I. Saleudeen
Olanika I. James	Olumide O. Olayinka	Olusegun A. Sowande	Olutoyin I. Ogunlowo
Oluwafemi O. Awotoye	Oluwastoyin A. Gbagi	Temitope A. Onitiri	Tolulope A. Odukale
Victor U. Oryenkpa			



- assessed the accuracy of a sample of sales returns and rebates by checking them to supporting documentation such as approved credit notes to customers;
- challenged the Company's basis for recognition and measurement of revenue from contract services rendered to customers by recalculating the proportion of cost incurred relative to the total expected cost;
- recalculated rental revenue recognised in respect of the Company's investment property based on the report issued by the external property manager and;
- checked that for a sample of revenue transactions occurring prior to, and immediately after the year end date, revenue was recognised in the appropriate period;

The Company's accounting policy and notes on revenue are shown in Notes 4(L) and 5 respectively of the accompanying financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Financial Highlights, Directors' Report, Statement of Directors' Responsibilities, Report of the Audit Committee and Other National Disclosures, which we obtained prior to the date of this auditor's report; but does not include the financial statements and our auditor's report thereon. Other information also includes financial and non-financial information such as the Mission Statement, Vision Statement, Shared Values, Corporate Profile, Board of Directors, Directors' Profile, Chairman's Statement, Notice of Annual General Meeting, Shareholders' Information, Corporate Social Responsibility Activities, amongst others, together the "Outstanding reports", which are expected to be made available to us after that date.

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

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

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs 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 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Oluwatoyin A. Gbagi, FCA`
FRC/2012/ICAN/00000000565
For: KPMG Professional Services
Chartered Accountants
28 May 2020
Lagos, Nigeria


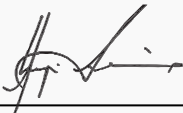



STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

<i>In thousands of naira</i>	Notes	2019	2018
Assets			
Property, plant and equipment	14(a)	2,823,810	2,410,120
Intangible assets	15	44,911	33,785
Investment property	16	424,119	445,270
Total non-current assets		3,292,840	2,889,175
Inventories	17	812,048	606,712
Trade and other receivables	18(a)	330,541	190,982
Deposit for imports	19	143,535	134,775
Prepayments and advances	20	61,588	65,578
Other financial assets	22	209,208	129,213
Cash and cash equivalents	21	216,689	518,864
Total current assets		1,773,609	1,646,124
Total assets		5,066,449	4,535,299
Equity			
Share capital	23(a)	144,912	144,912
Share premium	23(b)	635,074	635,074
Retained earnings		2,293,414	2,033,066
Total equity		3,073,400	2,813,052
Liabilities			
Loans and borrowings	26	224,221	256,707
Deferred income	25	48,858	64,327
Deferred taxation	11(d)	231,945	116,175
Total non-current liabilities		505,024	437,209
Loans and borrowings	26	171,114	109,897
Current tax liabilities	11(c)	72,034	175,649
Trade and other payables	24	804,589	622,491
Deferred income	25	33,037	24,668
Dividend payable	28	407,251	352,333
Total current liabilities		1,488,025	1,285,038
Total liabilities		1,993,049	1,722,247
Total equity and liabilities		5,066,449	4,535,299

These financial statements were approved by the Board of Directors on 19 May 2020 and signed on its behalf by:

	Abi Ayida (FRC/2019/IODN/00000019260) Chairman
	Anjan Sircar (FRC/2020/003/00000020547) Managing Director
	Shakiru Oyegbele (FRC/2013/ICAN/00000002321) Head of Finance

The accompanying notes on pages 61 to 103 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

<i>In thousands of naira</i>	Notes	2019	2018
Revenue	5	3,584,804	3,377,223
Cost of sales	9(a)	(1,920,480)	(1,896,862)
Gross profit		1,664,324	1,480,361
Other income	6	51,015	43,821
Selling and distribution expenses	9(a)	(219,016)	(237,375)
Administrative expenses	9(a)	(945,283)	(829,609)
Operating profit before credit impairment charges		551,040	457,198
Impairment loss on trade receivables	8	(38,112)	(14,899)
Operating profit		512,928	442,299
Finance income	7	56,626	31,189
Finance costs	7	(17,993)	(19,160)
Net finance income		38,633	12,029
Profit before minimum tax		551,561	454,328
Minimum tax expense	12	(18,462)	-
Profit before income tax	8	533,099	454,328
Income tax expense	11(a)	(84,366)	(133,819)
Profit for the year		448,733	320,509
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		448,733	320,509
Earnings per share:			
Basic and diluted earnings per share (kobo)	13	155	111

The accompanying notes on pages 61 to 103 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

<i>In thousands of naira</i>	Note	Share Capital	Share Premium	Fair Value Reserve	Retained Earnings	Total Equity
Balance at 1 January 2019		144,912	635,074		2,033,066	2,813,052
Comprehensive income for the year						
Profit for the year		-	-	-	448,733	448,733
Other comprehensive income for the year		-	-		-	-
Total comprehensive income for the year		-	-		448,733	448,733
Transactions with owners, recorded directly in equity						
Dividend	28	-	-		(188,385)	(188,385)
Total transactions with owners		-	-	-	(188,385)	(188,385)
Balance at 31 December 2019		144,912	635,074		2,293,414	3,073,400
Balance at 1 January 2018		144,912	635,074	-	1,861,159	2,641,145
IFRS transition adjustment (net of tax)					(3,690)	(3,690)
Adjusted balance at 1 January, 2018		144,912	635,074		1,857,469	2,637,455
Comprehensive income for the year						
Profit for the year		-	-	-	320,509	320,509
Other comprehensive income		-	-		-	-
Total comprehensive income for the year		-	-		320,509	320,509
Transactions with owners, recorded directly in equity						
Dividend	28	-	-		(144,912)	(144,912)
Total transactions with owners		-	-	-	(144,912)	(144,912)
Balance at 31 December 2018		144,912	635,074		2,033,066	2,813,052

The accompanying notes on pages 61 to 103 form an integral part of these financial statements.

STATEMENT OF CASH FLOW

For the year ended 31 December 2019

<i>In thousands of naira</i>	Note	2019	2018
Cash flows from operating activities			
Profit for the year		448,733	320,509
Adjustments for:			
- Depreciation	9(b)	143,385	125,569
- Amortisation	15	20,857	20,922
- Items of property, plant and equipment written off		-	9,762
- Finance income	7	(56,626)	(31,189)
- Finance cost	7	17,993	19,160
- Gain on sale of property, plant and equipment	8	(824)	(6,335)
- Minimum tax expense	12	18,462	-
- Taxation	11(a)	84,366	133,819
		676,346	592,217
Changes in:			
- Inventories		(205,336)	(31,721)
- Trade and other receivables	18(c)	(139,544)	(15,275)
- Deposit for imports		(8,760)	(105,364)
- Prepayments and advances	20(a)	21,970	(55,437)
- Trade and other payables	24(c)	58,714	64,576
- Deferred income		(7,100)	(8,661)
		396,290	440,335
Cash generated from operating activities			
WHT credit recovered	11(c)	45,370	42,500
WHT credit notes utilised	11(c)	(105,231)	(52,482)
Tax paid	11(c)	(48,793)	(50,300)
		287,636	380,053
Net cash generated from operating activities			
Cash flows from investing activities			
Purchase of property plant and equipment	14(g)	(256,950)	(268,981)
Purchase of intangible assets	15	(3,845)	(79)
Proceeds from sale of property, plant and equipment		2,957	25,068
Interest income on bank deposits	7	2,781	17,831
Additions to investment in financial assets	22	(62,943)	(116,172)
		(318,000)	(342,333)
Net cash used in investing activities			
Cash flows from financing activities			
Additions to loans and borrowings (excluding lease liability)	26(b)	-	26,640
Repayment of borrowings:			
Principal	26(b)	(97,195)	(135,160)
Interest paid	26(b)	(41,149)	(52,377)
Dividend paid	28	(133,467)	(113,706)
		(271,811)	(274,603)
Net cash used in financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		518,864	755,747
Cash and cash equivalents at 31 December	21	216,689	518,864

The accompanying notes on pages 61 to 103 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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 continues 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 2019 financial statements were authorised for issue by the Board of Directors on 19 March, 2020.

(b) Basis of measurement

"The financial statements have been prepared on the historical cost basis except for the following:- Non-derivative financial instruments initially measured at fair value and subsequently measured at amortised cost.- Government grant (recognised as deferred income) measured at fair value."

- Inventories: Lower of cost and net realisable value.

The methods used to measure fair value are further disclosed in Note 2(e).

(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 recognised 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 recognised in the financial statements are included in the following notes:

Note 4(Q) and 31	leases: whether an arrangement contains a lease
Note 4(D),(F),14 and 16	determination of the useful life of leasehold land
Note 4(L) and 5	revenue recognition and measurement of revenue from rendering of painting services

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 30(a)	determination of fair values
Note 4(G) and 30(b)	impairment of financial assets: Expected credit loss and forward looking information
Note 11	uncertainty over income taxes: transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.
Note 26 (a)	determination of cashflows repayments in respect of the investment property development financing arrangement.
Note 33	recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

(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 30 – Financial instruments- Fair values and financial risk management.

3 Changes in significant accounting policies

The Company has initially adopted IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax treatments from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

A. IFRS 16 Leases

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated –i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note (4Q).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a leases under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

(b) As a Lessee

As a lessee, the Company leases land, motor vehicles and property rentals. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for leases of land and motor vehicles- i.e. these leases are on-balance sheet.

Leases classified as finance leases under IAS 17

On transition to IFRS 16, the carrying amount of the right of use assets and the lease liability at 1 January 2019 is determined at the carrying amount of the leased asset and lease liability under IAS 17 immediately before that

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

date. The right of use assets recognised from the leases are presented in investment property as well as property, plant and equipment and measured at cost at that date.

Leases classified as operating leases under IAS 17

Previously, the Company classified property leases as operating leases under IAS 17.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. The Company:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application.

- did not recognise right-of-use assets and liabilities for leases of low value asset;

- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application ; and

- used hindsight when determining the lease term.

In particular, the Company did not recognise right of use asset and liability for the property rentals as the lease terms end within 12 months of the date of initial application.

(c) As a Lessor

The Company leases out its investment property, and an insignificant portion of the Company's building properties. The Company has classified these leases as operating leases.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. Under IAS 17, the lease contracts were classified as operating leases.

B. IFRIC 23 Uncertainty over Income Tax treatments

The Company has adopted IFRIC 23 for the first time in current year. The amendment clarifies how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and

- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

- If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

4 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	65	O.	Taxation	74
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company's financial assets comprises trade and other receivables, cash and cash equivalents and other financial assets; and are classified as financial assets measured at amortised cost.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

"Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets."

"Financial Assets- Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)."

"A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition."

Financial assets- Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

Financial liabilities- Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss

The Company's financial liabilities comprises loans and borrowings, trade and other payables and dividend payable; and are classified as other financial liabilities.

(iv) Derecognition and offsetting

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them 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, CAP C.20, Laws of the Federation of Nigeria, 2004,

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

D. Property, plant and equipment

i. Recognition and measurement

The cost of an item of property, plant and equipment is recognised 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 lives for the current and comparative periods are as follows:

• Leasehold land	–	Unlimited
• Buildings	–	20 years
• Plants and machinery		
- Fixed plant	–	12 years
- Movable plant	–	7 years
- Generators	–	5 years
• Motor vehicles		
- Trucks	–	6 years
- Cars	–	4 years
• Furniture and fittings	–	8 years
• Computer equipment	–	2 years
• Motor vehicles under lease	–	lease period

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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

E. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at the end of each year, changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as charges in accounting estimates.

The amortisation expense of tangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when asset is derecognised.

Purchased software are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over three (3) years.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

The internally generated intangible asset represents product formulation development for the newly commissioned automated paint factory.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

F. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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

The estimated useful lives 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.

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.

G. Impairment

"Non-derivative financial assets"

i. Financial instrument

The Company's financial assets consist of cash and cash equivalent, trade receivables and other financial assets, The Company recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs.

"When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Company considers a financial asset to be in default when:- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or- the financial asset is more than 60 days past due."

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

"For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date. For cash and cash equivalent and other financial assets the Company applies a general approach in calculating the ECLs. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade."

ii Measurement of ECLs

"ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset."

iii Credit-impaired financial assets

"At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:- significant financial difficulty of the borrower or issuer;- a breach of contract such as a default or being more than 60 days past due;- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or- the disappearance of an active market for a security because of financial difficulties."

iv Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

v Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

H. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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.

I. 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.

J. 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.

K. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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 and consumable spare parts	–	purchase cost on a weighted average basis including materials 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.
Goods in transit	–	Purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and selling expenses. Allowance is made for obsolete, slow moving or defective items where appropriate.

L. Revenue by nature

(i) Revenue from contract with customers

a Sale of paints and allied products

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 recognised when the goods are delivered and have been accepted by customers. The Company allocates a portion of consideration received to loyalty points as applicable. The allocation is based on the relative stand alone selling prices. The amount allocated to the loyalty program is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points become remote. The deferred revenue is included in contract liabilities.

b Contract services - supply and apply services contract

Supply and apply services contract revenue results from rendering painting services to customers. These services are rendered based on specific 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.

Revenue is recognized overtime on basis of the Company's cost incurred relative to the total expected cost for the satisfaction of the performance obligation. The related cost are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities and presented as part of trade and other payables. Unbilled receivables for services rendered are included as contract assets and presented as part of trade and other receivables."

(ii) 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.

M. Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, gains on re-measurement of financial assets measured at amortised cost, 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 expense on lease and other 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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.

N. Government grant

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

O. Taxation **Income tax**

Income tax expense comprises current tax (Company Income Tax, Tertiary Education Tax, Nigeria Police Trust Fund levy and Capital gains tax) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Company Income Tax is computed on taxable profits; Tertiary Education Tax is computed on assessable profits while the Nigeria Police Trust Fund is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Company during the year). Income tax liabilities are presented in the statement of financial position net of withholding taxes.

(b) Deferred tax

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 assets are recognised for unutilised tax losses, unutilised tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if the Company:

- (a) has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

(c) Minimum tax expense

The Company is subject to the Finance Act, 2019 which amends the Company Income Tax Act (CITA). Total amount of tax payable under the Finance Act, 2019 is determined based on the higher of two components; Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on of 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The liability is recognised under current tax liabilities in the statement of financial position.

"Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax expense."

P. 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.

Q. Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Company assess whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January, 2019.

i. As a lessee

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of the underlying assets, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses interest rate implicit in the lease liability agreement as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or terminate option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment and lease liabilities in loans and borrowings in the statement of financial position. Right of use assets comprises motor vehicles under lease and leasehold land.

Short-term leases and leased of low-value assets.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accountings for its interests in the head lease and the sub-lease separately. It assesses the classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classified the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16.

Policy applicable before 1 January 2019

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.

R. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

S. 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.

T. 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.

U. 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.

V. 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.

W. 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.

X. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

Y. New standards and interpretations not yet adopted

Standards issued but not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2019 and have not been adopted in preparing these financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Company are set out below. Earlier adoption is permitted; however, the Company has not early adopted the new or amended standard in preparing the financial statement.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Z. Standards, Interpretations effective from 1 January 2019

There are new issued accounting standards, ammendment to standards and interpretations that are effective first beginning 1 January 2019. Other than those disclosures in Note 3, the Directors have considered the following amended standards and interpretations and that they are not expected to have a significant impact on the Company's financial statements:

- Prepayment features with negative compensation (Amendment to IFRS 9)
- Long term interests in Associates and Joint Ventures (Amendment to IAS 8)
- Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)
- Annual improvements to IFRS Standards 2015/17 Cycle Various Standards

5 Revenue

(a) Revenue stream for the period comprises:

<i>In thousands of naira</i>	Recognition policy	2019	2018
(i) Revenue from contract with customers			
- Sale of paints and allied products*	At a point in time	3,382,411	3,283,477
- Contract services	Overtime	172,695	59,507
(ii) Revenue from leases of investment property		29,698	34,239
		3,584,804	3,377,223

*Revenue from sale of paints and allied products for the year comprises:

<i>In thousands of naira</i>	2019	2018
Revenue (net of value added tax)	4,040,929	3,875,144
Discounts and rebates	(658,518)	(591,667)
	3,382,411	3,283,477

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

(b) Contract balances

The Company's contract balance comprises of trade receivables from contract with customers and is included in trade and other receivables (Note 18(a)). The balance is analysed as follows:

<i>In thousands of naira</i>	2019	2018
Billed receivables in respect of sales of paints and allied products	145,727	80,051
Unbilled receivables in respect of contract services	83,688	63,330
Trade receivables (Note 18(a))	229,415	143,381

(c) Revenue included in contract liability balance at the beginning of the year

The revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was ₦3.16 million (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

6 Other income

Other income comprises:

In thousands of naira

	2019	2018
Sale of Scrap	6,411	5,017
Income on property leases*	37,441	32,215
Profit from disposal of property, plant and equipment	824	6,335
Insurance claims received	-	66
Income from enrolment of new distributors	6,339	188
	51,015	43,821

*This represents income earned from leases of an insignificant portion of the Company's building properties to third parties.

7 Finance income and finance cost

Recognised in profit or loss:

In thousands of naira

	2019	2018
Interest income on bank deposits	2,781	17,831
Interest income on other financial assets	17,052	13,041
Foreign currency gain	15	317
Net gain on financial liabilities measured at amortised costs	36,778	-
Total finance income	56,626	31,189
Foreign currency loss	-	(520)
Interest expense on lease liabilities	(8,209)	-
Interest expense on financial liabilities measured at amortised costs.	(9,784)	(18,640)
Total finance cost	(17,993)	(19,160)
Net finance income recognised in profit or loss	38,633	12,029

8 Profit before income tax

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

In thousands of naira

	Note	2019	2018
Directors' emoluments	9(a)	76,026	59,083
Depreciation	9(b)	143,385	-125,569
Amortisation	15	20,857	-20,922
Personnel expenses	10(a)	588,131	466,075
Auditors' remuneration	9(a)	20,125	17,500
Impairment loss on trade receivables	18(b)	38,112	14,899
Minimum tax	12	18,462	-
Profit on disposal of property, plant and equipment	6	(824)	(6,335)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

9 (a) Expenses

(i) Analysis of expenses by nature

<i>In thousands of naira</i>	Note	2019	2018
Directors emoluments	10(d)	76,026	59,083
Personnel expenses	10(a)	588,131	466,075
Training expenses		12,580	14,032
Repairs and maintenance		80,153	76,557
Office and corporate expenses		53,292	35,811
License and permits		24,153	17,302
Utilities		42,903	76,304
Insurance		9,305	5,929
Travel, transport and accommodation		91,097	110,981
Rent, rate and levies		6,767	3,025
Subscriptions and donations		5,672	6,917
Depreciation	9(b)	143,385	125,569
Amortisation	15	20,857	20,922
Printing and stationery		7,287	4,662
Legal and professional services fees		81,454	85,519
Auditors' remuneration		20,125	17,500
Other receivables written off		6,456	-
Items of property, plant and equipment written off		-	9,762
Bank charges		5,063	5,642
Advertisement and publicity expenses		90,427	103,536
Distribution expenses		128,588	133,839
Raw materials and consumables		1,495,910	1,552,881
Contract services expenses		95,147	31,998
		3,084,778	2,963,846

<i>In thousands of naira</i>	Note	2019	2018
Summarised as follows:			
(ii) Cost of sales		1,920,480	1,896,862
Selling and distribution expenses		219,016	237,375
Administrative expenses		945,283	829,609
Total cost		3,084,779	2,963,846

(b) Depreciation

<i>In thousands of naira</i>	Note	2019	2018
Depreciation charged for the year comprises:			
Depreciation of property, plant and equipment	14	122,234	104,544
Depreciation of investment property	16	21,151	21,025
Total depreciation		143,385	125,569

10 Personnel expenses

(a) Personnel expenses, excluding remuneration of the executive directors during the year comprises:

<i>In thousands of naira</i>	2019	2018
Salaries, wages and allowances	550,892	431,587
Employer contribution to compulsory pension fund scheme	37,239	34,488
	588,131	466,075

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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

				2019	2018
				Number	Number
₦		₦			
500,001	-	1,000,000		13	31
1,000,001	-	1,500,001		89	78
1,500,001	-	2,000,001		37	29
2,000,001	-	3,000,001		24	20
3,000,001	and	above		16	12
				179	170

- (c) The number of persons employed as at year end are:

		2019	2018
		Number	Number
Production		38	39
Sales and marketing		53	47
Finance		9	16
Administration		15	13
Maintenance		10	10
Corporate		6	4
Procurement		4	3
Distribution		21	14
Information Technology (IT)/CSR		6	3
Technical & Compliance		10	12
Raw materials		7	9
		179	170

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

		2019	2018
<i>In thousands of naira</i>			
Fees paid to non-executive directors		54,084	29,286
Salaries		21,942	29,797
		76,026	- 59,083

The directors' remuneration shown above includes:

		2019	2018
<i>In thousands of naira</i>			
Chairman		6,994	2,242
Highest paid director		21,942	29,797

Other directors received emoluments in the following ranges:

				2019	2018
				Number	Number
₦		₦			
250,001	-	1,000,000		-	1
1,000,001	-	3,000,000		-	3
3,000,001	-	5,000,000		1	2
5,000,001	-	8,000,000		6	1
				7	7

11 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:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

<i>In thousands of naira</i>	2019	2018
Current tax expense:		
Company income tax	-	139,839
Capital gains tax	-	74
Nigeria Police Trust Fund Levy (NPTF)	26	-
Tertiary education tax	13,940	12,533
	13,966	152,446
Back duty assessment for 2015 YOA	-	17,285
WHT credit impairment	-	26,023
WHT credit recovered	(45,370)	(42,500)
(Credit)/charge for the year	(31,404)	153,254
Deferred tax expense/(credit):		
Origination and reversal of temporary differences (Note 11 (e))	115,770	(19,435)
Income tax expense	84,366	133,819

(b) Reconciliation of effective tax rate:

<i>In thousands of naira</i>	%	2019	%	2018
Profit for the year		448,733		320,509
Taxation		84,366		133,819
Profit before taxation		533,099		454,328
Income tax using the Company's domestic rate of 30%	30	159,930	30	136,298
Tertiary education tax @ 2%	2	10,662	2	9,087
Effect of NPTF levy	-	26	-	-
- Non-deductible expenses	1	6,716	2	10,800
- Tax exempt income	(1)	(11,769)	-	(2,029)
- Tax incentives	(7)	(37,674)	(1)	(2,692)
- Net WHT notes recovered	(8)	(45,370)	(4)	(16,477)
- Other tax differences	-	1,845	(0)	(1,242)
- Effect of capital gains tax	-	-	-	74
Tax expense	17	84,366	29	133,819

(c) The movement in the tax payable during the year was as follows:

i. **Current tax liabilities**

<i>In thousands of naira</i>	2019	2018
Balance as at 1 January	193,629	126,680
Current year charge	13,966	152,446
Minimum tax charge	18,462	-
Back duty assessment for 2015 YOA	-	17,285
Cash payments	(48,793)	(50,300)
WHT credit notes utilised	(105,231)	(52,482)
Balance as at year end (A)	72,034	193,629

ii. **WHT credit notes**

Balance as at 1 January	17,980	24,182
WHT credit recovered	45,370	42,500
Additions	19,491	16,870
Transfer from prepayment and advances (Note 20)	22,390	-
WHT credit notes impaired	-	(13,090)
WHT credit notes utilised	(105,231)	(52,482)
Balance as at year end (B)	-	17,980
Total current tax liabilities as at 31 December 2019 (A-B)	72,034	175,649

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

(d) Movement in deferred taxation

<i>In thousands of naira</i>	Balance at 1 January	Tax Impact of IFRS 9 transition Adjustment	Recognised In profit or loss	Net	Deferred tax assets	Deferred tax liabilities
31 December 2019						
Property, plant and equipment	181,636	-	125,888	307,524	-	307,524
Allowance on trade receivable	(40,138)	-	(10,459)	(50,597)	(50,597)	-
Right of use assets	-	-	483	483	-	483
Provision for gratuity discontinued	(811)	-	98	(713)	(713)	-
Provision for slow moving inventories	(24,446)	-	(310)	(24,756)	(24,756)	-
Unrealised exchange losses/(gain)	(66)	-	70	4	-	4
Net tax (assets)/liabilities	116,175	-	115,770	231,945	(76,067)	308,011
31 December 2018						
Property, plant and equipment	185,087	-	(3,451)	181,636	-	181,636
Allowance on trade receivable	(26,345)	(1,737)	(12,056)	(40,138)	(40,138)	-
Provision for gratuity discontinued	(2,730)	-	1,919	(811)	(811)	-
Provision for slow moving inventories	(16,516)	-	(7,930)	(24,446)	(24,446)	-
Unrealised exchange losses/(gain)	(2,149)	-	2,083	(66)	(66)	-
Net tax (assets)/liabilities	137,347	(1,737)	(19,435)	116,175	(65,461)	181,636

12 Minimum tax

Minimum tax in current year has been computed based on 0.5% of turnover in line with the Finance Act, 2019 and this amounts to ₦18.5 million (2018: Nil).

13 Basic and diluted earnings per share

Basic earnings per share of 155 kobo (31 December 2018: 111 kobo) is based on the profit for the year of ₦449 million (31 December 2018: ₦321 million) and on 289,823,447 (2018: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

14 **Property Plant and equipment**
(a) **The movement on these accounts was as follows:**

		<i>In thousands of naira</i>									
	Cost	Lease hold Land	Buildings	Plants and Machinery	Furniture and fittings	Motor Vehicles	Computer Equipment	Motor Vehicles under Lease	Capital work -in progress	TOTAL	
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
	Balance at 1 January 2018	402,650	343,002	378,904	54,828	290,960	152,252	-	1,490,168	3,112,764	
	Additions	-	1,343	26,086	3,874	20,158	20,003	-	263,172	334,636	
	Transfer	-	-	58,047	-	-	-	-	(58,047)	-	
	Disposals/write-off	(12,650)	(8,520)	(87,336)	(19,879)	(53,768)	(105,163)	-	-	(287,316)	
	Balance at 31 December 2018	390,000	335,825	375,702	38,823	257,350	67,092	-	1,695,293	3,160,084	
	Balance at 1 January 2019	390,000	335,825	375,702	38,823	257,350	67,092	-	1,695,293	3,160,085	
	Additions	-	11,935	24,323	20,042	4,461	58,898	138,275	308,260	566,194	
	Transfer	-	943,774	1,031,641	-	-	-	-	(1,975,415)	-	
	Reclassification to intangible assets	15	-	-	-	-	-	-	(28,138)	(28,138)	
	Disposals	-	-	(2,550)	-	(21,350)	(473)	-	-	(24,373)	
	Balance at 31 December 2019	390,000	1,291,534	1,429,116	58,865	240,461	125,517	138,275	-	3,673,768	
	Accumulated depreciation										
	Balance at 1 January 2018	79,183	203,734	215,755	45,299	226,858	133,412	-	-	904,241	
	Charge for the year	9(b)	16,975	31,796	3,825	35,594	16,354	-	-	104,544	
	Disposals	(1,102)	(1,386)	(78,487)	(18,959)	(53,768)	(105,119)	-	-	(258,821)	
	Balance at 31 December 2018	78,081	219,323	169,064	30,165	208,684	44,647	-	-	749,964	
	Balance at 1 January 2019	78,081	219,323	169,064	30,165	208,684	44,647	-	-	749,964	
	Charge for the year	9(b)	17,203	41,176	4,003	22,385	25,651	11,816	-	122,234	
	Disposals	-	-	(720)	-	(21,301)	(219)	-	-	(22,240)	
	Balance at 31 December 2019	78,081	236,526	209,520	34,168	209,768	70,079	11,816	-	849,958	
	Carrying amounts										
	At 31 December 2018	311,919	116,502	206,638	8,658	48,666	22,445	-	1,695,293	2,410,120	
	At 31 December 2019	311,919	1,055,008	1,219,596	24,697	30,693	55,438	126,459	-	2,823,810	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

(b) Assets pledged as security

No asset of the Company was pledged as security for loan as at 31 December, 2019 (December 2018: Nil)

(c) Impairment of property, plant and equipment

No impairment loss was recognised for the year (December 2018: Nil).

(d) Capital commitments

Capital expenditure commitments for the year ended 31 December 2019 authorised by the Board of Directors comprise:

<i>In thousands of naira</i>	2019	2018
Approved and contracted	-	334,636
Approved but not contracted	45,716	177,028
	45,716	511,664

(e) Property, plant and equipment under construction

Expenditure on capital work in progress as at 31 December 2019 is analysed as follows:

<i>In thousands of naira</i>	2019	2018
Plant and machinery	-	1,171,415
Buildings	-	523,878
	-	1,695,293

Capitalised borrowing cost included in capital work in progress for the year is ₦47.59million (December 2018: ₦44.75 million). Capital work-in-progress has been transferred to the respective asset classes on capitalisation.

(f) Right of use assets

Right of use assets comprises leasehold land and motor vehicles under finance leases.

The leasehold land is held under lease arrangements for a minimum lease term of 99 years. The classification of the lease of land as a finance lease is on the basis that the lease transfers substantially all of the risks and rewards incidental to ownership of the land to the Company. The lease amounts were fully paid at the inception of the lease.

The Company entered into a lease arrangement for the procurement of eighteen (18) motor vehicles for a lease term of 3 years. The lease liability has been disclosed in Note 26(a). Depreciation expense in respect of right of use assets amounts to ₦11.8 million (2018: nil).

(g) Additions in statement of cash flows

<i>In thousands of naira</i>	2019	2018
Additions (Note 14(a))	566,194	334,636
Additions to Right of Use assets (Motor vehicles under lease)	(138,275)	-
Accrued additions to PPE (Note 24(c))	(123,384)	-
Borrowing cost capitalised	(47,585)	(65,655)
	256,950	268,981

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

15 Intangible assets

<i>In thousands of naira</i>	Note	Computer Software	Intangible assets under development	Total
Cost				
Balance at 1 January 2018		61,511	-	61,511
Additions		79	-	79
Balance at 31 December 2018		61,590	-	61,590
Balance at 1 January 2019		61,590	-	61,590
Additions		3,845	-	3,845
Reclassification from property, plant & equipment	14(a)	-	28,138	28,138
Balance at 31 December 2019		65,435	28,138	93,573
Accumulated amortisation				
Balance at 1 January 2018		6,883	-	6,883
Charge for the year	9(a)	20,922	-	20,922
Balance at 31 December 2018		27,805	-	27,805
Balance at 1 January 2019		27,805	-	27,805
Charge for the year	9(a)	20,857	-	20,857
Balance at 31 December 2019		48,662	-	48,662
Carrying amounts				
At 31 December 2018		33,785	-	33,785
At 31 December 2019		16,773	28,138	44,911

The Company's intangible assets represent cost of Microsoft Navision ERP applications licence and technical agreement. The Microsoft Navision ERP application was acquired and available for use in September 2017. The cost is amortised to profit or loss over a period of three years.

Intangible assets amortisation charged to profit or loss for the year amounts to ₦20.86million (31 December 2018: ₦20.92million) and is included as part of administrative expenses.

The intangible assets under development represents the cost of internally generated intangible assets in respect of product formulation development for the Company's newly commissioned automated water based paints factory.

16 Investment property

The movement on this account was as follows:

<i>In thousands of naira</i>	2019	2018
Cost		
Balance at 1 January	604,468	604,468
Balance at 31 December	604,468	604,468
Accumulated depreciation		
Balance at 1 January	159,198	138,173
Charge for the year	21,151	21,025
Balance at 31 December	180,349	159,198
Carrying amounts at year ended	424,119	445,270

"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."

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

Each of the leases contains an initial non-cancellable period of one (1) year. No contingent rents are charged.

Rental income generated from investment property recognised during the year was ₦29.70 million (2018: ₦34.24 million).

Direct operating expenses (included in repairs and maintenance expenses) arising from investment property that generated rental income during the year was ₦0.70 million (2018: ₦3.76 million)

Depreciation of ₦21.15 million (31 December 2018: ₦21.03 million) charged on investment property for the year was included in cost of sales

The fair value of the investment property as at year end is ₦2.06 billion (31 December 2018: ₦2.05 billion). The fair value was determined by an external, independent property valuer (Ubosi Eleh and Co.) with Financial Reporting Council of Nigeria (FRC) No: FRC/2015/NIESV/00000003997. The fair value measurement of investment property has been categorised as a Level 2 fair value based on the input to the valuation techniques used. The direct market comparison and depreciated replacement cost method was used in determining the fair value of the investment property.

17 Inventories

In thousands of naira

	2019	2018
Raw and packaging materials	475,873	361,249
Finished products	343,525	258,607
Product-in-process	35,151	11,845
Consumable spare parts	24,721	23,159
Goods in transit	10,140	28,245
	889,410	683,105
Impairment allowance	(77,362)	(76,393)
	812,048	606,712

The value of raw and packaging materials, changes in finished products and products in process consumed during the year and recognised in cost of sales amounted to ₦1.49 billion (31 December 2018: ₦1.55 billion). In addition, the carrying amount of inventories have been reduced by ₦2.3 million (2018: nil) as a result of the write-down to net realisable value. The write down was recognised as an expense during the year and is included in cost of sales.

18 Trade and other receivables comprises:

Trade and other receivables comprises:

(a) <i>In thousands of naira</i>	2019	2018
Trade receivables (Note 5(b))	229,415	143,381
Lease receivable	83,688	67,695
Staff debtors	3,616	1,814
Deposit with Company registrar	113,433	85,610
Contract assets	46,808	5,916
Other receivables	11,693	6,566
Total trade and other receivables	488,653	310,982
Impairment allowance	(158,112)	(120,000)
Carrying amount as at year ended	330,541	190,982

The Company's exposure to credit and currency risks related to trade and other receivables is disclosed in Note 30(b).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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

<i>In thousands of naira</i>	2019	2018
Balance at 1 January	120,000	105,101
Net impairment loss recognised	38,112	14,899
Balance at 31 December	158,112	120,000

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

<i>In thousands of naira</i>	2019	2018
Movement in trade and other receivables	(139,559)	(15,592)
Exchange gain	15	317
Changes in trade and other receivables per statement of cash flows	(139,544)	(15,275)

19 Deposit for imports

The deposit for imports represents amounts deposited with banks to fund letters of credit. These letters of credit are meant to finance the importation of raw materials and items of property, plant and equipment. The total value of deposit for imports as at 31 December 2019 amounted to ₦143.54 million (December 2018: ₦134.78 million).

20 Prepayments and advances

Prepayments and advances comprises:

<i>In thousands of naira</i>	2019	2018
Prepaid rent	540	-
Advance payment to suppliers	49,275	29,838
WHT receivables (Note 11 (c)ii)	-	22,390
Prepaid insurance and others	11,773	13,350
	61,588	65,578

There were no non-current prepayments and advances made at year-end (2018: Nil).

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

<i>In thousands of naira</i>	2019	2018
Movement in prepayment and advances	3,990	(19,139)
WHT credit notes previously impaired, now recovered	-	(42,500)
Movement in WHT credit notes	17,980	6,202
Changes in prepayments and advances per statement of cash flows	21,970	(55,437)

21 Cash and cash equivalents

Cash and cash equivalents comprises:

<i>In thousands of naira</i>	2019	2018
Cash on hand	500	100
Balance with banks	216,189	364,238
Short term deposits with banks	-	154,526
Cash and cash equivalents	216,689	518,864

The short term deposit with banks included in cash and cash equivalents is with rollable maturity of thirty (30) days term (2018).

The Company's exposure to credit and market risk for financial assets is disclosed in Note 30(b).

22 Other financial assets

This represents unclaimed dividend returned by the Company's registrar and invested in short term money market instrument as at year end:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

As at 31 December 2019, the investment is analysed as stated below:

	2019	2018
At 1 January	129,213	-
Additions	62,943	116,172
Interest income	17,052	13,041
At 31 December	209,208	129,213

The Company's exposure to credit and market risk for financial assets is disclosed in Note 30(b).

23 Capital and reserves

(a) Ordinary shares as at 31 December		
<i>In thousands of naira</i>		
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		
<i>In thousands of naira</i>		
At 1 January	635,074	635,074
At 31 December	635,074	635,074

24 Trade and other payables

(a) Trade and other payables comprises:		
<i>In thousands of naira</i>		
Trade payables	415,750	180,941
Customer deposits for paints	107,623	140,052
Value Added Tax payable	8,321	25,577
Withholding Tax payable	53,400	45,085
Related party payables (Note 29 (a))	29,581	20,412
PAYE payable	22,675	36,224
Pension payable (Note (b))	5,974	5,334
Other non-income taxes	19,888	12,718
Contract liabilities	4,495	3,160
Accruals	118,685	116,056
Other payables	18,197	36,932
	804,589	622,491

The Company's exposure to liquidity risks related to trade and other payables is disclosed in Note 30(b).

(b) Pension payable		
<i>In thousands of naira</i>		
Balance at 1 January	5,334	18,175
Charge for the year	43,633	56,997
Remittances	(42,993)	(69,838)
Balance at 31 December	5,974	5,334
(c) Reconciliation of changes in trade and other payables included in statement of cash flows		
<i>In thousands of naira</i>		
Movement in trade and other payable	182,098	65,096
Unrealised exchange loss	-	(520)
Impact of accrued additions to PPE (Note 14(g))	(123,384)	-
"Changes in trade and other payables per statement of cash flows"	58,714	64,576

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

25 Deferred income

Deferred income comprises:

<i>In thousands of naira</i>	2019	2018
Government grant (note (a))	73,612	73,612
Lease income received in advance	8,283	15,383
Deferred income	81,895	88,995
Non-current	48,858	64,327
Current	33,037	24,668
	81,895	88,995

- (a) "Government grant arises as a result of the benefit received from below-market-interest rate government assisted loans, obtained from the Bank of Industry to purchase items of buildings and plant & machinery for the installation of the automated water based paint production factory. The production plant was completed and became available for use on 30 December, 2019. The grant will be amortised on a systematic basis over the average useful life of the components of the items of buildings and plant & machinery. No unwinding of the government grant has been recognised in profit or loss for the year ended 31 December 2019 (2018: nil)"

26 Loans and borrowings

In thousands of naira

31 December 2019

	Non-current liabilities	Current liabilities	Total
Bank of Industry loan	130,990	78,675	209,665
Development financing arrangement	27,896	32,100	59,996
Import finance facility	-	726	726
Lease liability (Note 14(f))	65,335	59,613	124,948
	224,221	171,114	395,335

31 December 2018

	Non-current liabilities	Current liabilities	Total
Bank of Industry loan	181,272	89,380	270,652
Development financing arrangement	75,435	15,697	91,132
Import finance facility	-	4,820	4,820
	256,707	109,897	366,604

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 30(b).

- (a) Terms and repayment schedule

<i>In thousands of naira</i>	31 December 2019				31 December 2018		
	Currency	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Face Value	Carrying amount
(i) Bank of Industry loan	NGN	10%	2022	301,587	209,665	314,699	270,652
(ii) Development financing arrangement	NGN	18%	2025	101,671	59,996	101,671	91,132
(iii) Import finance facility	NGN	10%+90 day LIBOR	2019	726	726	4,820	4,820
(iv) Lease liability	NGN	18%	2022	124,740	124,948	-	-
Total interest-bearing loans				528,724	395,335	421,190	366,604

i) Bank of Industry Loan

The loan is a Central Bank of Nigeria (CBN) intervention fund through Bank of Industry (BOI), which is secured by a "duly executed Negative Pledge" (Bank Guarantee) in favour of Fidelity Bank Plc. The applicable interest rate is 10% per annum. The loan is repayable in seventy monthly instalments (including twelve months moratorium between March 2017 to February 2018) at various dates between March 2018 to December 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

For the year ended 31 December 2019, net interest expense of ₦47.56 million (31 December 2018: ₦54.61 million) which accrued on the facility, was capitalised to property, plant and equipment.

ii) 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 settlement 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."

iii) Import finance facility

Import finance facility represents outstanding balance on letters of credit facility made available to the Company by Fidelity Bank Plc towards the importation of raw materials and items of property, plant and equipments. It is a rollable facility with initial tenor of 90 days availed at the prevailing commercial interest rate of 10% + LIBOR.

iv) Lease liability

The lease was provided by Financial Derivatives Company Limited for eighteen (18) motor vehicles, required for replacement of aged sales field force vehicles and part for administrative/operational use. The applicable lease interest rate is 18% per annum, it is repayable in thirty six (36) monthly equal instalments at various dates between September 2019 to August 2022.

As at 31 December 2019, interest expense and related charges of ₦8.21 million (31 December 2018: Nil million) was due on the lease facility and recognised in profit or loss. The total cash outflows in respect of principal and interest lease payments was ₦19.8 million (2018: nil) and is included as part of repayment of borrowings in the statement of cashflows. The addition to lease liability is not included as a part of additions to loans and borrowings in the statement of cash flows.

(b) Movement in loans and borrowings

in thousands of naira

	2019	2018
Balance, beginning of year	366,604	454,256
Additions	138,275	26,640
Repayment of principal	(97,195)	(135,160)
Repayment of interest	(41,149)	(52,377)
Net gain on financial liabilities measured at amortised costs	(36,778)	-
Interest capitalised to property, plant and equipment	47,585	54,605
Interest accrued in profit or loss	17,993	18,640
Balance, end of the year	395,335	366,604

27 Dividends

The following dividends were declared and paid by the Company;

	Per share (kobo)	2019 N'000	Per share (kobo)	2018 N'000
Declared Dividend	65	188,385	50	144,912

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

28 Dividend payable

The movement in dividend payable is as follows:

<i>In thousands of naira</i>	2019	2018
At 1 January	352,333	321,127
Declared dividend	188,385	144,912
Payments	(133,467)	(113,706)
At 31 December 2019	407,251	352,333

29 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

Key management personnel compensation comprised the following:

<i>In thousands of naira</i>	2019	2018
Short-term benefits	114,774	98,349
Post employment benefits	4,991	7,593
	119,765	105,942

The aggregate value of transactions and outstanding balances related to key management personnel and other related parties were as follows.

Related party	Nature of transaction	Transaction values		Balance Receivable/(Payable)	
		2019	2018	2019	2018
		N'000	N'000	N'000	N'000
Emychem Limited	Supply of raw materials	146,708	109,673	(26,471)	(20,412)
Clayton Finance Limited	Supply of raw materials	71,528	15,022	(3,110)	-
				(29,581)	(20,412)

Emychem Limited

During the year, the Company bought various raw materials from Emychem Limited and also continued with the development product formulation for the new automated water based paint factory of the Company. The Managing Director of Emychem Limited is Mr. Raj Mangtani and is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

Clayton Finance Limited

The Company bought various raw materials from Clayton Finance Limited. The Managing Director of Clayton is Mr. Sanjay Datwani and 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 December 2019, the subsidiary remained dormant and had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

30 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. As at 31 December 2019, the Company did not have financial assets and liabilities measured at fair value through other comprehensive income or fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

31 December 2019 <i>In thousands of naira</i>	Fair value				
	Amortized Cost	Level 1	Level 2	Level 3	Total
<i>Financial assets not measured at fair value</i>					
Other financial assets	209,208	-	209,208	-	209,208
Trade and other receivables	330,541	-	330,541	-	330,541
Cash and cash equivalents	216,689	-	216,689	-	216,689
	756,438	-	756,438	-	756,438
<i>Financial liabilities not measured at fair value</i>					
Loans and borrowings	395,335	-	528,724	-	528,724
Trade and other payables*	694,331	-	694,331	-	694,331
Dividend payable	407,251	-	407,251	-	407,251
	1,496,917	-	1,630,306	-	1,630,306

31 December 2019 <i>In thousands of naira</i>	Fair value				
	Amortized Cost	Level 1	Level 2	Level 3	Total
<i>Financial assets not measured at fair value</i>					
Other financial assets	129,213	-	129,213	-	129,213
Trade and other receivables	190,982	-	190,982	-	190,982
Cash and cash equivalents	518,864	-	518,864	-	518,864
	839,059	-	839,059	-	839,059
<i>Financial liabilities not measured at fair value</i>					
Loans and borrowings	366,604	-	421,190	-	421,190
Trade and other payables*	497,553	-	497,553	-	-
Dividend payable	352,333	-	352,333	-	-
	1,216,490	-	1,271,076	-	421,190

*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.

The carrying amount of financial instrument such as short term trade and other receivables, other financial asset, cash and cash equivalent, trade and other payables and dividend payable are a reasonable approximation of their fair values.

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.

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;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

- (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.

Adjustment to level 2 inputs will vary depending on factors specific to the asset or liability such as the location or condition of the asset.

(b) Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market 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

	2019	2018
Trade and other receivables (See (a) below)	330,541	190,982
Cash and cash equivalents (excluding cash at hand) (See (b) below)	216,189	518,764
Other financial assets (See (b) below)	209,208	129,213
	755,938	838,959

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

(a) Trade and other receivables

<i>In thousands of naira</i>	2019	2018
Net trade and lease receivables (See a(i) below)	201,799	96,992
Deposit with company registrar (See a(ii) below)	113,433	85,610
Staff debtors (See a(iii) below)	3,616	1,814
Other receivables (See a(iii) below)	11,693	6,566
	330,541	190,982

(i) Net trade and lease receivables

The Company's exposure to credit risk in respect of trade receivables 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 limits its credit risk from trade receivable by establishing a maximum payment of 30 and 60 days depending on the customer credit rating.

Concentration of risk

At 31 December 2019, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows;

<i>In thousands of naira</i>	Carrying amount	
	2019	2018
Wholesale customers	60,211	27,149
Retail customers	20,282	32,080
Others (Corporates)	195,730	90,068
Lease receivable	83,688	67,695
	359,911	216,992
Impairment losses on financial assets recognised in profit or loss were as follows:		
- Impairment loss on trade receivable arising from contracts for sale of paints	74,424	74,063
- Impairment loss on investment property lease contracts	83,688	45,937
	158,112	120,000
Net trade and lease receivables	201,799	96,992

The Company uses an allowance matrix to measure the expected credit loss (ECL) from trade receivables from sale of paints and rental of investment property. The exposures are calculated separately for each segment based on their common characteristics. Loss rates are calculated based on actual loss experienced over the past three years. These rates adjusted by a scalar factor to reflect differences in economic conditions during the year over which the historical data has been collected and the Company's view of economic conditions over the expected lives of the receivables. The scalar factor is based on forecasted inflation rates and industry outlook.

At 31 December 2019, the ageing of trade receivables that were impaired was as follows:

31 December 2019 <i>In thousands of naira</i>	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	46,808	-	46,808
Past due 1-30 days	Yes	0%	89,292	-	89,292
Past due 31-60 days	Yes	25%	87,574	(21,875)	65,699
Over 61 days due	Yes	100%	52,549	(52,549)	-
			276,223	(74,424)	201,799

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

31 December 2018 <i>In thousands of naira</i>	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	4%	78,662	(3,428)	75,234
Past due 1–30 days	Yes	100%	10,283	(10,283)	-
Past due 31–60 days	Yes	100%	5,263	(5,263)	-
Over 61 days due	Yes	100%	55,089	(55,089)	-
			149,297	(74,063)	75,234

At 31 December 2019, the ageing of lease receivables that were impaired was as follows:

31 December 2019 <i>In thousands of naira</i>	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	-	-	-	-
Past due 1–30 days	Yes	-	-	-	-
Past due 31–60 days	Yes	-	-	-	-
Over 61 days due	Yes	100%	83,688	(83,688)	-
			83,688	(83,688)	-

31 December 2018 <i>In thousands of naira</i>	Credit impaired	Weighted average loss	Gross	Impairment	Net
Neither past due nor impaired	No	14%	25,334	(3,576)	21,758
Past due 1–90 days	Yes	-	-	-	-
Past due 91–180 days	Yes	-	-	-	-
Over 180 days	Yes	100%	42,361	(42,361)	-
			67,695	(45,937)	21,758

The Company does not hold collateral on these balances. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Movement in the allowance for impairment in respect of trade receivable during the year was as follows:

<i>In thousands of naira</i>	2019	2018
Balance as at 1 January	120,000	105,101
Net impairment loss recognised	38,112	14,899
Balance as at 31 December	158,112	120,000

(ii) 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 refund of this receivable is as stipulated by the Securities Exchange Commission's set guidelines.

The Company's registrar is Meristem Registrars Limited, which has a history of reputable ratings. The Company has assessed the credit risk as low and the ECL is immaterial."

(iii) Staff debtors and other receivables

"This mainly represents lease receivable in respect of rent of an insignificant portion of the Company's building properties to third parties and receivables from employees.

These receivables are payable on demand and its contractual period is less than 12 months. The Company has assessed the counter parties to have sufficient net liquid assets and are considered to be low credit risk, hence, the expected expected credit loss is immaterial.

Consequently, the Company has not incurred impairment loss in respect of staff debtors and other receivables."

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

(b) Cash and cash equivalents and other financial asset:

The Company held cash and cash equivalents of ₦216 million and other financial asset of ₦209 million as at 31 December 2019 (31 December 2018: ₦518 million and ₦129 million respectively) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks with good external ratings. The Company manages the risk associated with its cash and cash equivalents by selecting banks with strong financial position and history of good performance.

Impairment on cash and cash equivalent has been measured on a 12 month expected credit loss basis and reflects the short maturities of the exposures. The Company considered that its cash and cash equivalent and other financial asset have low credit risk based on the external credit ratings of the counter parties.

(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 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 December 2019, the expected cash flows from trade and other receivables maturing within three months were ₦136.1 million (31 December 2018: ₦88.95 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 December 2019

<i>In thousands of naira</i>	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 (excluding lease liability)	270,387	270,387	57,668	39,337	157,350	16,032.12	-
Lease liability	124,948	124,948	29,807	29,807	65,335	-	-
Trade and other payables*	694,331	694,331	694,331	-	-	-	-
Dividend payable	407,251	407,251	407,251	-	-	-	-
	1,496,917	1,496,917	1,189,057	69,144	222,684	16,032	-

31 December 2018

<i>In thousands of naira</i>	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	366,604	366,604	91,514	39,336	157,344	78,410	-
Trade and other payables*	497,553	497,553	497,553	-	-	-	-
Dividend payable	352,333	352,333	352,333	-	-	-	-
	1,216,490	1,216,490	941,400	39,336	157,344	78,410	-

*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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

(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 optimising 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 (N), 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:

	31 December 2019			31 December 2018		
	US\$	€	GBP	US\$	€	GBP
Foreign currency included in cash and cash equivalents	315,954	361	356	215,528	1,051	356
Import finance liability (See Note 26(iii))	(5,000)	-	-	(13,000)	-	-

The following significant exchange rates were applied;

	Average rate during the year		Year end spot rate	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
<i>Naira</i>				
US\$ 1	356.50	354.07	362.00	365.00
€ 1	402.85	416.26	409.06	416.26
GBP 1	467.02	469.47	474.22	464.06

Sensitivity analysis

A reasonably possible strengthening /(weakening) of the naira against all other currencies at 31 December 2019 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.

<i>In thousands of Naira</i>	Profit or loss	
	Strengthening	Weakening
31 December 2019		
US\$ (5% movement)	5,628	(5,628)
€ (5% movement)	7	(7)
GBP (5% movement)	8	(8)
31 December 2018		
US\$ (20% movement)	3,696	(3,696)
€ (20% movement)	22	(22)
GBP (20% movement)	8	(8)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

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 <i>In thousands of naira</i>	Nominal amount	
	2019	2018
Financial liabilities:		
Short term borrowings	171,114	109,897
Long term borrowing	224,221	256,707
	395,335	366,604

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 31 December 2019 (December 2018: Nil).

(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 December, 2019 was as follows."

<i>In thousands of naira</i>	2019	2018
Total liabilities	1,993,049	1,722,247
Less: Cash and Cash equivalents	(216,689)	(518,864)
Adjusted net debt	1,776,360	1,203,383
Total Equity	3,073,400	2,813,052
Net debt to equity ratio	0.58	0.43

31 Leases

A. Leases as Lessee (IFRS 16)

The Company leases land which is for a minimum lease term of 99 years. This lease was entered into several years ago and was classified as leasehold land.

During the year, the Company entered into a lease arrangement for the right to use of motor vehicles, required for the replacement of aged sales field force vehicles and part of administrative/operations use. The lease expires in 2022; however, management has the intention to exercise the purchase option.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

Right of use assets related to leased assets are presented as property, plant and equipment (see Note 14(f)). Interest on lease liabilities as well as the repayments of the lease has been included in loans and borrowings (see Note 26(a)).

B. Leases as Lessor

The Company leases out its investment property consisting of its owned commercial properties (see Note 16).

The Company has classified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the investment property.

a. Future minimum lease payments

At 31 December 2019 the future minimum lease payments under non-cancellable leases are receivable as follows:

In thousands of naira

	2019	2018
Less than one year	78,646	53,478
Between one and five years	5,042	24,309
	83,688	77,787

b. Amounts recognised in profit or loss

Investment property lease income recognised for the year is ₦29.69 million (31 December 2018: ₦34.24million) and was included in 'Revenue' (see note 5(a)). Depreciation expense on the investment property was included in 'Cost of Sales' (see note 9(b)).

32 Provision of Non Audit Services

The details of non-audit services and the applicable fees paid during the year ended 31 December 2019 were:

	₦million
i. Tax services	1.44
ii. Transfer pricing advisory services	0.84

33 Contingencies

The Company is engaged in litigations that have arisen in the normal course of business. As at 31 December 2019, Berger Paints Nigeria Plc has three (3) pending legal cases comprising one (1) as plaintiff and two (2) as a defendant. Contingent liability in respect of pending litigations for the Company is ₦6million as at 31 December 2019 (December 2018: ₦6 million). In the opinion of the directors, it is not probable that a material outflow of resources embodying economic benefits will be required to settle the obligation.

34 Subsequent events

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus.

Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by volatility of oil prices and currency exchange rates. For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

Except as disclosed above, there are no other significant events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2019, and its financial performance for the year then ended, that have not been adequately provided for or disclosed in these financial statements

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

35 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 described in Note 4(s).

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, 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

<i>In thousands of naira</i>	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2019					
External revenues	3,382,411	172,695	29,698	-	3,584,804
Finance income	-	-	36,778	19,848	56,626
Finance costs	-	-	(9,784)	(8,209)	(17,993)
Depreciation & amortisation	(141,846)	(1,245)	(21,151)	-	(164,242)
Net impairment loss on trade receivables	-	-	(38,112)	-	(38,112)
Reportable segment profit/(loss) before taxation	464,945	77,548	(2,571)	11,639	551,561
31 December 2018					
External revenues	3,283,477	59,507	34,239	-	3,377,223
Finance income	-	-	-	31,189	31,189
Finance costs	-	-	(18,640)	(520)	(19,160)
Depreciation & amortisation	(124,177)	(1,295)	(21,025)	-	(146,497)
Impairment loss on trade receivables	-	-	(14,899)	-	(14,899)
Reportable segment profit before income taxation	416,474	27,510	(20,325)	30,669	454,328

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2019

Profit or loss

In thousands of naira

	2019	2018
Total profit or loss for reportable segments	539,922	423,659
Unallocated finance income	19,848	31,189
Unallocated finance costs	(8,209)	(520)
Profit before taxation	551,561	454,328

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**

VALUE ADDED STATEMENT

For the year ended 31 December 2019

<i>In thousands of naira</i>	2019	%	2018	%
Sales (note 5)	3,584,804		3,377,223	
Finance Income (note 7)	56,626		31,189	
Other income (note 6)	51,015		43,821	
	3,692,445		3,452,233	
Bought in materials and services				
- Imported	(403,458)		(246,532)	
- Local	(1,967,060)		(2,119,647)	
Value added	1,321,927	100	1,086,054	100
Distribution of value added				
To Employees:				
Personnel expenses	588,131	45	466,075	43
To Providers of Finance:				
Interest on loans (note 7)	17,993	1	19,160	2
To Government:				
Taxation (note 11(a))	84,366	6	133,819	12
Minimum tax (note 12)	18,462	1	-	0
Retained in the business as:				
Depreciation (note 9(b))	143,385	11	125,569	12
Amortisation (note 15)	20,857	2	20,922	2
To augment reserve	448,733	34	320,509	29
	1,321,927	100	1,086,054	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.

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2019

<i>In thousands of naira</i>	2019	2018	2017	2016	2015
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	54,188
Retained earnings	2,293,414	2,033,066	1,861,159	1,759,795	1,753,156
Shareholder's fund	3,073,400	2,813,052	2,641,145	2,604,181	2,587,330
Current liabilities	1,488,025	1,285,038	1,080,532	1,306,347	1,143,703
Long term liabilities	505,024	437,209	589,747	191,737	164,837
	5,066,449	4,535,299	4,311,424	4,102,265	3,895,870
Assets employed					
Non current assets	3,292,840	2,889,175	2,729,446	2,541,572	1,727,602
Current assets	1,773,609	1,646,124	1,581,978	1,560,693	2,168,268
	5,066,449	4,535,299	4,311,424	4,102,265	3,895,870
<i>In thousands of naira</i>					
	2019	2018	2017	2016	2015
Revenue	3,584,804	3,377,223	3,012,648	2,602,824	3,022,264
Profit before minimum tax	551,561	454,328	339,456	271,770	565,212
Profit before tax	533,099	454,328	339,456	271,770	565,212
Profit for the year	448,733	320,509	246,276	224,007	330,316
Other comprehensive income, net of tax	-	-	18,974	10,212	14,552
Declared dividend	188,385	144,912	144,912	217,368	217,368
Per 50k share data:					
Basic and diluted earnings per share (kobo)	155	111	85	77	114
Declared dividend per share (kobo)	65	50	50	75	75
Net assets per share (Naira)	11	10	9	9	9

SHAREHOLDERS' INFORMATION

SUBSTANTIAL INTEREST IN SHARES

1. The Registrars have confirmed that according to the Register of Members, the following shareholders held 5% and above of the issued share capital of the Company as at 31st December, 2019.

SN	Member	Holding	%
1	Harmony Trust & Inv Co. Ltd	17,774,943	6.13
2	Mikeade Investments Co. Ltd	19,235,473	6.64
3	Cab (Overseas Holdings) Limited	16,315,506	5.63
4	Jurewa Investments Limited	16,685,111	5.76
5	Alemaje and Company Limited	16,315,506	5.63
6	Other Individuals and Institutions	203,496,908	70.21
	Total	289,823,447	100

2. Active Shareholding Analysis as at 31st December, 2019

	RANGE		NO. OF HOLDERS	HOLDERS %	UNITS	UNITS %	UNITS CUMM
1	-	1,000	14,816	41.93%	6,981,920	2.41%	6,981,920
1,001	-	5,000	16,374	46.34%	31,487,436	10.86%	38,469,356
5,001	-	10,000	2,159	6.11%	15,114,826	5.22%	53,584,182
10,001	-	50,000	1,583	4.48%	31,217,081	10.77%	84,801,263
50,001	-	100,000	191	0.54%	13,804,648	4.76%	98,605,911
100,001	-	500,000	167	0.47%	33,747,459	11.64%	132,353,370
500,001	-	1,000,000	25	0.07%	17,499,734	6.04%	149,853,104
1,000,001	-	5,000,000	12	0.03%	24,469,051	8.44%	174,322,155
5,000,001	-	10,000,000	1	0.00%	8,040,926	2.77%	182,363,081
10,000,001	-	ABOVE	7	0.02%	107,460,366	37.08%	289,823,447
			35,335	100.00%	289,823,447	100.00%	

SHAREHOLDERS' INFORMATION (CONT'D)

DIVIDEND HISTORY

Members are hereby informed that Berger Paints Nigeria Plc. declared the following dividends between 1995 and 2019.

Payment No.	Type	Date Declared
22	Final	6/7/1995
23	Final	6/4/1996
24	Final	6/3/1997
25	Final	6/2/1998
26	Final	6/1/1999
27	Final	6/6/2000
28	Final	6/5/2001
29	Final	6/4/2002
30	Final	6/3/2003
31	Final	6/2/2004
32	Final	6/8/2005
33	Final	6/16/2009
34	Final	6/8/2010
35	Final	6/30/2011
36	Final	7/3/2012
37	Final	5/14/2013
38	Final	7/22/2014
39	Final	7/21/2015
40	Final	6/9/2016
41	Final	5/18/2017
42	Final	7/06/2018
43	Final	24/05/2019

UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Notice is hereby given to our shareholders that some dividends have remained unclaimed as the registrars' records indicate. Many share certificates have also been returned as unclaimed because the addresses on them could not be traced or the shareholders had changed their addresses without informing the registrars.

The affected shareholders are requested to contact Meristem Registrars, who have informed us that they are e-dividend payment ready. Shareholders are kindly requested to take advantage of this to reduce the unclaimed dividend problems and in accordance with the directive from the Securities and Exchange Commission.

For more information please contact:

Meristem Registrars Limited,

213, Herbert Macaulay Way,

Adekunle Yaba, Lagos.

P.O. Box 51585, Ikoyi, Lagos.

Phone: 01-8920491-2, 0700MERIREG

Email: info@meristemregistrars.com

Website: www.meristemregistrars.com

SHAREHOLDERS' INFORMATION (CONT'D)

SCHEDULE OF UNCLAIMED DIVIDEND

S/N	Dividend Payment No	Date Declared	Payment Date	Type	Amount Declared (₦)	Dividend Per Share (₦)	Unclaimed Dividend (₦)
0			Unclaimed Dividend from (2008 and beyond)				50,676,866.82
1	33	6/16/2009	17/06/2009	Final	65,210,275.50	30K	9,032,003.24
2	34	6/8/2010	9/6/2010	Final	108,683,792.50	50K	16,534,707.17
3	35	6/30/2011	4/7/2011	Final	152,157,309.50	70K	40,321,890.00
4	36	7/3/2012	4/7/2012	Final	152,157,309.50	70K	25,428,254.45
5	37	5/14/2013	21/05/2013	Final	152,157,309.50	70K	36,789,484.59
6	38	7/22/2014	22/07/2014	Final	202,876,412.90	70K	29,816,848.23
7	39	7/21/2015	23/07/2015	Final	217,367,565.25	75K	35,294,077.13
8	40	6/9/2016	13/06/2016	Final	217,367,565.25	75K	40,367,043.52
9	41	5/18/2017	23/05/2017	Final	144,911,723.50	50K	27,626,460.15
10	42	7/6/2018	8/6/2018	Final	144,911,723.50	50K	40,445,058.55
11	43	4/29/2019	22/05/2019	Final	188,385,240.55	65K	54,918,360.46
							407,251,054.31

SHAREHOLDERS' INFORMATION

The share capitalization history of the Company is as shown below. As at 31st December, 2018 our authorized share capital was ₦400,000,000, divided into 800,000,000 shares of 50 kobo each. Of this, our issued and paid up share capital is ₦144,911,724 divided into 289,823,447 shares.

Date	Authorised Shares		Issued and Fully Paid Shares		Consideration
	Value (₦)	Shares	Value (₦)	Share	
1/9/1959	500,000	500,000	–	–	Initial share capital
4/27/1961	500,000	500,000	50,000	50,000	Goodwill
2/10/1962	500,000	500,000	437,514	427,514	cash
6/27/1972	1,600,000	3,200,000	427,514	875,028	Increase in authorized share capital
8/1/1972	1,600,000	3,200,000	531,514	1,063,028	Asset purchased
12/21/1972	1,600,000	3,200,000	863,704	1,727,408	Bonus(2:3)
5/25/1976	6,000,000	12,000,000	863,704	1,727,408	Increase in authorized share capital
5/27/1980	7,200,000	14,400,000	7,200,000	14,400,000	Bonus(1:2)
6/12/1986	10,800,000	21,600,000	10,800,000	21,600,000	Bonus(1:2)
5/30/1989	16,200,000	32,400,000	16,200,000	32,400,000	Bonus(1:2)
5/29/1990	21,600,000	43,200,000	21,600,000	43,200,000	Cash
5/27/1992	58,200,000	116,400,000	36,600,000	73,200,000	cash
5/7/1995	76,500,000	153,000,000	54,900,000	109,800,000	Bonus (1:2)
6/1/1999	109,800,000	219,600,000	94,382,467	188,764,934	Rights Issue (1:3)
6/1/1999	109,800,000	219,600,000	94,382,467	188,764,934	Public Offer
6/5/2001	109,800,000	219,600,000	108,683,793	217,367,585	Bonus (1:7)
6/1/2004	160,000,000	320,000,000	108,683,793	217,367,585	Increase in authorized share capital
7/8/2008	400,000,000	800,000,000	108,683,793	217,367,585	Increase in authorized share capital
11/18/2013	400,000,000	800,000,000	144,911,724	289,823,447	Rights Issue (1:3)

SHAREHOLDERS' INFORMATION (CONT'D)

Consolidation Of Accounts

Dear Shareholders:

Records with our Registrars and as revealed by the Register of Members show that some members have more than one accounts in their names. This situation may have arisen as a result of multiple applications made during new issues or as a result of purchases made through the Stock Market. Servicing these accounts is a huge administrative problem resulting in avoidable costs e.g. postages, maintenance, issuance of certificates, etc. These ultimately have an impact on the profit of your Company.

The Company appeals to you to make efforts to consolidate your multiple accounts, more especially to facilitate the operations and to save the Company costs. We ask for your co-operation in this respect. Please complete the Consolidation Request Form below and send it to the Registrars, Meristem Registrars Limited.

Kindly state in your request for consolidation the names/addresses of those persons you bought shares for during any public offers by the Company and at the secondary market besides yourself i.e. your children, grandchildren, etc. Certificates should not be forwarded.

Tear off from here

CONSOLIDATION OF ACCOUNTS FORMS

S/N	Name	Address	Units of Shares	Cert. No.	A/C No.	Date Issued
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Shareholder's Signature: _____ **Date:** _____

Affix Postage Stamp _____

CSR /CORPORATE EVENTS DURING THE YEAR



The Nigeria Stock Exchange courtesies/New Factory Tour visit to Berger Paints Nigeria Plc, Aug 2019



The Management, Berger Paints Nigeria Plc paid Courtesy Visit to the Nigeria Honourable Minister of Trade and Investment, Otunba Adeniyi Adebayo in November 2019



Berger Paints Nigeria Plc Business Partners during the Business Partner Forum, July 2019



Berger Business Partner Gala Night, July 2019

CSR /CORPORATE EVENTS DURING THE YEAR (CONT'D)



Berger Paints Nigeria Plc during their NSE Closing of the Gong, November 2019



Group photography during the opening of our Berger Colour World at Awolowo Road, Ikoyi, August 2019

CSR /CORPORATE EVENTS DURING THE YEAR (CONT'D)



The Executive of Nigerian Institute of Building Courtesy Visit to the Company, December 2019



Donation of Food Items to Modupe Cole Memorial Orphanage, Akoka to celebrate the Yuletide season with the children, December 2019.



Donation of Food Items to Old People Home, Yaba to celebrate the Yuletide season with the elderly, December 2019



Donation of Food Items to SOS Children Village, Isolo to celebrate the Yuletide season with the children, December 2019

CSR /CORPORATE EVENTS DURING THE YEAR (CONT'D)



Group photograph at the Newly Ultra-Modern Factory handover ceremony in December 2019



Picture of Newly Commissioned Ultramodern Berger Paints Factory



BPN Chairman, Mr. Abi Ayida and Shareholder's Representative receiving the Certificate of Completion from Oliver & Battle Ltd. in December 2019

BERGER BUSINESS PARTNERS

SN	Location	Name	Address	Phone
1.	Aba	Agba Akin Enterprise	88/90 Aba Owerri Road, Abia State.	08037217402
2.	Abeokuta	Tomitz Integrated Service Ltd.	Laffro House, beside Hassan Furniture, Moshood Abiola Way, Abeokuta, Ogun State.	08077423937, 08158867617
3.	Abuja 1	Khafadez Resources Ltd.	6, Alexandria Crescent, Wuse II, Beside Berger Plaza, F.C.T. Abuja.	07031720041
4.	Abuja 2	Khafadez Resources Ltd.	Shop 7, Opposute Lorry Park, Deidei, building materials, Abuja FCT.	07031779332, 07031720041
5.	Abuja 3- Garki	Luvi Nig. Ltd.	Samuel Iadoko Akintola Street, POWA Plaza by old CBN, Garki 2, Abuja.	09062099920
6.	Abuja 4 - Maitama	Levitikal Ltd	33, Gana Street, Maitama	08055555678, 08035173983
7.	Agbor	De-Ama Ventures	Imafidonia Plaza, 203 Old Lagos-Asaba Road by Owa-Ekei junction, Boji-Boji, Owa Agbor, Delta State.	09031611023, 09026636900
8.	Akure	FFB Ventures Ltd	102 Oyemekun Rd, opposite Oyemekun Grammar School Akure.	07031720051, 08063194161
9.	Asaba	De Ama Ventures	No. 379, Nnebisi Road, Asaba, Delta State.	09062099917
10.	Bauchi	Gimex Ltd	Shop 40 & 41 Powa Shopping Complex Along Dass road, Yewa, Bauchi, Bauchi State.	07057311237, 08037324100
11.	Benin	Tesan Technical	27, Murtala Mohammed Way, Benin City, Edo State.	08035030263
12.	Calabar	Great AJFC Nig. Ltd.	14, Murtala Mohammed Way, Calabar.	08033061825, 07031720042, 08055349686, 08055554820
13.	Calabar 2	Great AJFC Nig. Ltd.	Plot 214, First Avenue, state housing estate, Calabar.	08033061825, 07031720042, 08055349686, 08055554820
14.	Ekiti	Fomkab Ventures	11 Federal Housing Estate, Along Afao Road, Ado Ekiti.	08068873214
15.	Enugu	Synopsis Global Network Ltd.	No. 33, Abakaliki Road, GRA, Enugu.	09062099919
16.	Ibadan 1	Arigbamu Ogo Oluwa	1, Azeez Aina Street, Off Ring Road, Ibadan, Oyo State.	07031720043
17.	Ibadan 2	Arigbamu Ogo Oluwa	Inside Debistol Oil, Olopomeji Bus Stop, Opposite Wetlands Hotel, Akobo, Ibadan. Oyo State.	07031720043

BERGER BUSINESS PARTNERS (CONT'D)

SN	Location	Name	Address	Phone
18.	Ibadan 3	Arigbamu Ogo Oluwa	Plot 3, Ajokaka, Elebu Market Road, Elebu, Ibadan.	07031720043
19.	Ilorin	Everstplus Limited	No 4 Ifelodun Street, Off Asa Dam Road, Offa Garage, Ilorin.	07031720077
20.	Jos	Splendid TSY Nig. Ltd.	1A, Constitution Hill Road, Opposite Pirelli Tyres, Jos, Plateau State.	07031720046
21.	Kaduna	De-Joescon Enterprise	1440, Kachia Road, Kaduna, Kaduna State.	07031720045
22.	Kano	Aikawa General Merchants	4, Ajasa Street, Off Civic Centre Road, Kano State.	08131758058
23.	Kano 2	Aikawa General Merchants	No 19 Murtala Mohammed Way, Kano State.	08131758058
24.	Lagos 1- Ikeja	Sowerscreed Ventures	102, Oba Akran Avenue, Ikeja Industrial Estate.	08033030157
25.	Lagos 2- Lekki/ Ajah	Spinetti Multiservice Global Co. Ltd.	KM 16, Lekki Epe Expressway Osapa London (Beside Skye Bank).	08096555115
26.	Lagos 3- Ibeju/ Epe	Ladii Ventures	KM 30, Lagos Epe Expressway Casia Estate, Abijo GRA.	08172452822, 07031779324
27.	Lagos 4- Lagos/ Ibadan Express	Moyinson Ltd	Berger Place, Along Lagos-Ibadan Express Way, beside Lagos State Accident & Emergency Office.	07031343157
28.	Lagos 5- Ikorodu	Forty40 Intl. Ltd.	No. 16, TOS Benson Road, Ebute Ikorodu, Lagos.	09062099918, 08069813232
29.	Lagos 6- Allen	Sowerscreed Ventures	91 Allen Avenue, Ikeja Lagos.	08033030157
30.	Lagos 7- Festac	Sowerscreed Ventures	Plot 3,Block 18b Amuwo Odofin by Apple Junction, Lagos.	08033030157
31.	Lagos 8 - Lekki Phase 1	Rex Anthony Multiventure	18c Ben Okagbue Street, Lekki Phase1.	07031288836
32.	Lagos 9 - Ikoyi	Levitikal Ltd	186, Awolowo Road, Ikoyi.	08055555678, 08035173983
33.	Lagos 10 - Surulere	Forty40 Int'l Ltd	127, Ogunlana Drive, Surulere.	09062099918, 08069813232
34.	Lagos 11 - Victoria Island	Levitikal Ltd	Block B Unit 1, No1-7 Muri Okunola beside Eti Osa Local Government, Victoria Island.	08055555678, 08035173983
35.	Maiduguri	Kawu Tijani & Sons Ltd.	105, Baga Road, Maiduguri, Borno State.	08037012975

BERGER BUSINESS PARTNERS (CONT'D)

SN	Location	Name	Address	Phone
36.	Makurdi 1	Hallowed International Ventures Ltd.	321 Road, off 3rd Ave. Road, by 32 Crescent, Gwarinpa Cornershop, Gwarinpa Estate, Abuja.	08036054493
37.	Makurdi 2	Kennyken Fabrication Services Ltd.	Opposite Garden of Elden Modern Market Road, Makurdi, Benue State.	07039255879
38.	Markudi 3	Kennyken Fabrication Services Ltd.	12, Modern Market road, Markurdi, Benue State.	07039255879
39.	Minna	Khafadez Resources Ltd.	SM3, Ahamadu Bahago Plaza, Tunga, Minna.	07031720041
40.	Nasarawa	Khafadez Resources Ltd.	Suite 31, Power Complex by police Clinic Opposite APC Secretariat, Jos Road, Lafia, Nasarawa.	07031720041
41.	Nasarawa 2	Khafadez Resources Ltd.	Suite A001 Emmado Plaza, Sharp Corner, Maraba, Nasarawa State.	07031720041
42.	Onitsha	Amor Dei West Africa	104, Akwa Road, Onitsha, Anambra State.	08033138220
43.	Onitsha 2	Amor Dei West Africa	KM 20 Enugu/Onitsha Express Road, Opp, Crunches Eatery, Unizik, Junction, Awka.	08033138220
44.	Onitsha 3	Amor Dei West Africa	No 35, Blossom Plaza, Onitsha Owerri Road Nnewi.	08033138220
45.	Oshogbo	H-Pola Foundation	Beside Iyana Camp, Opposite NNPC, Ota Efun, Ikirun Road, Oshogbo-Osun State.	08139690055
46.	Owerri	Lato Universal	51/65 Mbaise Road, by Wetheral/Fire Service Roundabout, Owerri.	08034458797
47.	Port Harcourt	Parttracker Ltd.	42 Old Aba Road by Artillery Junction, Port Harcourt.	07031720047
48.	Port Harcourt 2	Tesan Optimum	No 70, Ordinance Road, Trans - Amadi Industrial Layout, Port Harcourt, River State.	08131758060
49.	Sokoto	Sariking Nig. Ltd.	13, Ahmadu Bello Way, Sokoto.	09062099921
50.	Suleja	Splendid TSY Nig. Ltd.	Shop 8, Kwakwansh Plaza, Mandalla Road, Suleja, Niger State.	07031720046, 08080058308
51.	Uyo	Sal-Aadis Global Resources	No 51, Ikot Ekpene Road.	08065260072
52.	Warri	Tesan Technical	111, Warri-Effurun Road, Warri, Delta State.	08035030263
53.	Warri 2	Tesan Technical	Km 5, Refinery Road, Warri Delta State.	08035030263

MAJOR SUPPLIERS

1. Major Local Suppliers:

- | | |
|-------|---|
| 1.1. | Clayton Finance |
| 1.2. | Diaf Pilvad |
| 1.3. | Dow Chemical Imea Gmbh |
| 1.4. | Kadam Menon Color Cards |
| 1.5. | KCC Corporation |
| 1.6. | Lewis Berger Int. Supplies Ltd. |
| 1.7. | Lorama Group International Inc. |
| 1.8. | RAR Resin & Chemical Industries |
| 1.9. | The National Titanium Dioxide Co. Ltd (Crystal) |
| 1.10. | Zen FZE |

2. Major International Suppliers:

- | | | | |
|-------|---|-------|----------------------------------|
| 2.1. | Akrotech Integrated Services Ltd. | 2.17. | Nampak Nig. Plc. |
| 2.2. | Avon Crowncaps and Containers Nig. Plc. | 2.18. | Nycil Ltd. |
| 2.3. | Chizzy Nig. Ltd. | 2.19. | Onokeno Business Venture |
| 2.4. | Cormat Nig. Ltd. | 2.20. | Parco Enterprises Nig. Ltd. |
| 2.5. | C-Pin Industries Ltd. | 2.21. | Pastel Industries Ltd. |
| 2.6. | Dafe Industries Ltd. | 2.22. | Phobica Chemicals Ltd. |
| 2.7. | Emychem Ltd. | 2.23. | Regatta Industries Ltd. |
| 2.8. | Eurobridge Ind. Ltd. | 2.24. | Robinson Ventures Ltd. |
| 2.9. | Falcon Chemicals Ltd. | 2.25. | Samking Chemical Ltd. |
| 2.10. | GMAS | 2.26. | Sowis Energy Ltd. |
| 2.11. | Lexcel Products and Packaging Ltd. | 2.27. | Sudunni Nig. Ltd. |
| 2.12. | Magnum Coatings & Renova | 2.28. | Tata Africa Services (Nig.) Ltd. |
| 2.13. | Mega Plastics Ind. Ltd. | 2.29. | The Freedom Group Ltd. |
| 2.14. | Melvyn Nickson Nig. Ltd. | 2.30. | Trisa Nig. Ltd. |
| 2.15. | Metoxide (Nig.) Ltd. | 2.31. | Wahum Packaging Ltd. |
| 2.16. | Nagode Industries Ltd. | 2.32. | Whitex Industries (Nig.) Ltd. |

**Affix
Current
Passport**

(To be stamped by Bankers)

Write your name at the back of
your passport photograph



E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

Only Clearing Banks are acceptable

The Registrar

Meristem Registrars And Probate Services Limited
213, Herbert Macaulay Way
Adekunle-Yaba
Lagos State

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank account detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company's Name First Name Other Names

Address:

City State Country

Previous Address (if address has changed)

CHN CSCS A/c No

Name of Stockbroker

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (if applicable)

Joint/Company's Signatories

TICK	NAME OF COMPANY	SHARE A/C NO
	ACAP INCOME FUND	
	AFRINVEST EQUITY FUND	
	BERGER PAINTS NIG PLC	
	CEAT FIXED INCOME FUND	
	CHELLARAMS BOND	
	CONOIL PLC	
	CONSOLIDATED HALLMARK INS. PLC	
	CUSTODIAN & ALLIED PLC	
	COVENANT SALT NIGERIA LIMITED	
	EMPLOYEE ENERGY LIMITED	
	ENERGY COMPANY OF NIGERIA PLC [ENCON]	
	eTRANZACT INTERNATIONAL PLC	
	FIDSON HEALTHCARE PLC	
	FOOD CONCEPTS PLC	
	FREE RANGE FARMS PLC	
	FTN COCOA PROCESSORS PLC	
	GEO-FLUIDS PLC	
	INTERNATIONAL ENERGY INSURANCE PLC	
	JUBILEE LIFE MORTGAGE BANK LTD	
	MAMA CASS RESTAURANTS LIMITED	
	MCN DIOCESE OF REMO	
	MCN LAGOS CENTRAL	
	MCN TAILORING FACTORY [NIGERIA] LIMITED	
	MULTI-TREX INTEGRATED FOODS PLC	
	MUTUAL BENEFITS ASSURANCE PLC	
	NASSARAWA STATE GOVT BOND	
	NASCON ALLIED INDUSTRIES PLC	
	NEIMETH INT'L PHARMS PLC	
	NEWREST ASL NIGERIA PLC	
	NIGER INSURANCE PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY [NMRC] PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY PLC [NMRC] BOND	
	ONWARD PAPER MILLS PLC	
	PACAM BALANCED FUND	
	PAINTS & COATINGS MANUFACTURERS NIG PLC	
	PROPERTYGATE DEVT. & INVEST. PLC	
	R.T. BRISCOE NIGERIA PLC	
	REGENCY ALLIANCE INSURANCE PLC	
	SMART PRODUCTS NIGERIA PLC	
	SOVEREIGN TRUST INSURANCE PLC	
	TANTALIZERS PLC	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-2809250-4



Meristem Registrars And Probate Services Limited

Web: www.meristemregistrars.com; email: info@meristemregistrars.com

Mail to:

MERISTEM REGISTRARS AND
PROBATE SERVICES LIMITED
213, HERBERT MACAULAY WAY,
ADEKUNLE, YABA, LAGOS STATE.
P.O. BOX 51585, FALOMO, IKOYI,
LAGOS STATE



BERGER PAINTS NIGERIA PLC {RC 1837}

PROXY FORM

...enduring beauty and protection

For the Sixtieth (60th) Annual General Meeting (AGM) of Berger Paints Nigeria Plc. to be held virtually at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Wednesday June 24, 2020 at 10:00 a.m., or so soon thereafter.

I/We.....
(Name of Shareholder in block letters)

The undersigned, being a member of the above-named Company hereby appoint the following person:

SN	Name	Designation	Proxy Choice
1	Mr Abi Ayida	Chairman/Non-Executive Director	
2	Mr Kunle Olowokande	Non-Executive Director	
3	Chief Nelson Nweke	Independent Non-Executive Director	
4	Mrs Bisi Bakare	Shareholder Rep	
5	Sir Sunny Nwosu	Shareholder Rep	
6	Comrade Lawrence Oguntoye	Shareholder Rep	

or failing him/her, the Chairman of the meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday June 24, 2020 and at any adjournment thereof."

Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this.....Day of.....2020

Signature

	Resolution	For	Against
We desire this proxy to be used in favor of/or against the resolution as indicated alongside	1] To Receive the 2019 Audited Financial Statements and Accompanying Reports		
	2] To declare a Dividend of 25 kobo per share		
	3a] To re-elect Mr. Raj Mangtani as Director		
	3b] To re-elect Engineer Patrick Buruche as Director		
	4] To authorize the Directors to fix the remuneration of the Auditors		
	5] To Appoint Statutory Audit Committee Members		
	Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.		

NOTES:

- This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof, should be completed and deposited at the office of the Company's Registrars, Meristem Registrars and Probate Services Limited (Registrars), at 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State, or via email to info@meristemregistrars.com, not later than 48 hours before the time of holding the meeting.
- In the case of joint holders, the signature of anyone of them will suffice, but the names of all joint holders should be shown.
- It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (not adhesive postage stamps) from the Stamp Duties Office. The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

ADMISSION FORM

*Name of Shareholder _____

*Name of Proxy (pick from list above) _____

A member (shareholder) entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. Proxy need not be a member. The above proxy form has been prepared to enable you exercise your right to vote.

IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the Company or not.

For the Registrar's use only:

No. of shares held _____

Mail to:

MERISTEM REGISTRARS AND
PROBATE SERVICES LIMITED
213, HERBERT MACAULAY WAY,
ADEKUNLE, YABA, LAGOS STATE.
P.O. BOX 51585, FALOMO, IKOYI,
LAGOS STATE

Never despise the days of little

colour swags...



Idumota Yellow
NF - 2306


Tangerine Red
NF - 4568

Coral Green
NF - 6531



 : www.bergerpaintsnig.com

   : @Bergerpaintsnig

 : 102, Oba Akran Avenue, Ikeja, Lagos State.  : 08102164586

BERGER



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a touch of class & elegance...



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📍 : 102, Oba Akran Avenue, Ikeja, Lagos State.

☎ : 08102164586