



ANNUAL REPORT & ACCOUNTS 2015



YOUR 1st CHOICE PAINT IN NIGERIA

DECORATIVE:

Superstar: Affordable paint for all
Climstay: Washable emulsion
Luxol: Premium paint for your dream home (gloss & emulsion)

MARINE & PROTECTIVE COATING:

Protecton: Protective coating for metal, steel and concrete

AUTOMOTIVE & VEHICLE REFINISHES:

Autolux: Fast drying, long lasting & glossy paint for automobiles

INDUSTRIAL COATINGS:

Coil Coating Enamel: Polyester based oven baked liquid coating for steel or aluminium strip

WOOD FINISHES AND PRESERVERS:

Bergermol: First choice organic solvent based wood preservative
Lignolac: Quality wood polish



BERGER PAINTS NIGERIA PLC

RC:1837

102, Obi Akran Avenue, Ikeja Industrial Estate, Lagos

Institutional Sales & Projects: 08102164562, Dealers Enquiries: 0810 216 4848,

Marketing: 08141374153 Customer Care: 070BERGERPAINTS or 08102164816



Available Nationwide in 22 Outlets

Aba	08102164868	Calabar	08102164866	Kano	08102164852	Onitsha	08102164838
Abuja	08102164869	Enugu	08102164862	Lagos-Ikeja	08102164816	Port-Harcourt	08102164859
Asaba:	08140384395	Ibadan	08102164846	Lagos - Mushin	09037798474	Sokoto	08102164854
Akure	08102164870	Ilorin	08102164848	Lagos-Lekki	08141374156	Sango-Ota	08056028203
Benin	08102164840	Jos	08102164864	Lagos-Yaba	08102164806	Warri	08102164842
		Kaduna	07033061176	Maiduguri	08102164858		

OUR MISSION

Manufacture and source quality coatings and allied products and deliver to customers in a way that will surpass expectations all the time while remaining an active and responsible corporate member of the business community.

We employ creative and highly motivated people supported by modern technology to spearhead product and process innovations, achieve market dominance and maximize shareholder value; while contributing to Nigeria's economic and social development.

OUR VISION

Our vision is to become the dominant marketing company in the coatings and allied business industry.

OUR SHARED VALUES

- Customer Response
- Team Work
- Integrity
- Discipline



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DIRECTORS, PROFESSIONAL ADVISERS, ETC.

Board of Directors:	Oladimeji Alo, PhD	- Chairman
	Abi Allison Ayida	- Non-Executive Director
	Chief Musa Danjuma	- Non-Executive Director
	Nelson C. Nweke	- Non-Executive & Independent Director
	Oluwole O. Abegunde	- Non-Executive Director
	Sanjay Datwani (<i>British</i>)	- Non-Executive Director
	Engr. Patrick Nnamdi Buruche	- Non-Executive Director
	Adekunle Olowokande	- Non-Executive Director
	Raj S. Mangtani (<i>Indian</i>)	- Non-Executive Director
	Tor Nygard (<i>Norwegian</i>)	- Managing Director (<i>Disengaged: 31 January 2015</i>)
	Jatin Madan	- Acting Managing Director (<i>From 1 February 2015 to 9 March 2015</i>)
	Peter Folikwe	- Managing Director (<i>Appointed: 10 March 2015</i>)

Company Secretary/Legal Advisor Pheola Caulcrick & Co. (*Resigned: 30 June 2015*)
Oluseun Oluwole (*Appointed: 1 July 2015*)

Registered Office: 102, Oba Akran Avenue,
Ikeja, Industrial Estate
P.M.B. 21052, Ikeja, Lagos.
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Email: customercare@bergerpaintnig.com
Website: www.bergerpaints.com.ng

Registration Number: RC: 1837

FRC Registration Number: FRC/2012/000000000295

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

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

Major Bankers:

- Guaranty Trust Bank Plc
- Skye Bank Plc
- First City Monument Bank Plc
- UBA Plc
- Zenith Bank Plc
- Heritage Bank Limited



FINANCIAL HIGHLIGHTS

In thousands of naira

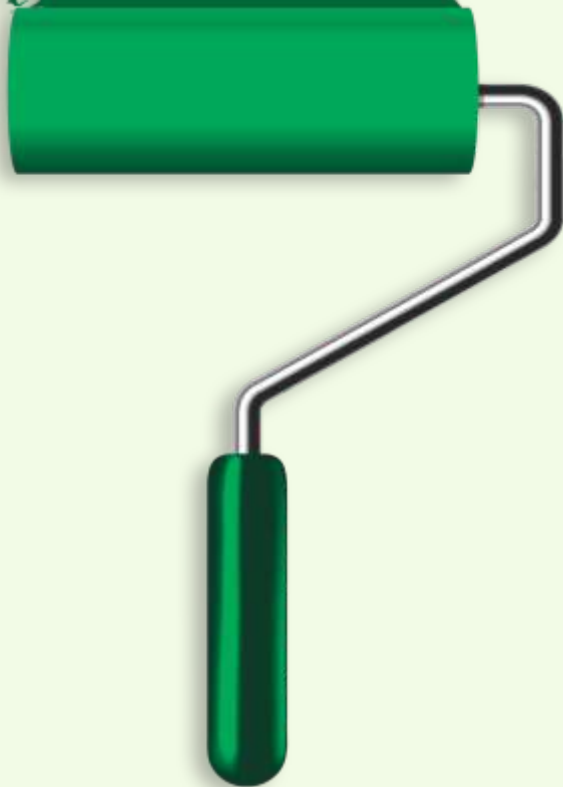
	2015	2014	%
Revenue	3,022,264	3,082,930	(2)
Gross profit	1,378,568	1,346,870	2
Operating profit	470,720	266,217	77
Profit before income tax	565,212	249,258	127
Profit	330,316	148,808	122
Share capital	144,912	144,912	-
Total equity	2,587,330	2,459,830	5
Data per 50k share			
Basic earnings per share (kobo)	114	51	124
Declared dividend*	75	70	7
Net assets	9	8	13
Dividend per 50k share in respect of current year results only			
Dividend proposed (kobo)**	75	75	-
Stock Exchange Information			
Stock exchange quotation at 31 December in Naira per share	10	9	11
Market capitalization at 31 December (₦'millions)	2,898	2,608	11

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

**The directors propose a dividend of 75 kobo (2014: 75 kobo) per share on the issued share capital of 289,823,447 (2014: 289,823,447) ordinary shares of 50k each, subject to the approval by the shareholders at the Annual General Meeting.



CORPORATE PROFILE



Berger Paints Nigeria Plc, which commenced operations in Nigeria on the 9th January, 1959, is a leader in the Coating and Allied industry in Nigeria - a legacy inherited from Lewis Berger, the German colour chemist who founded the Berger Paints' dynasty in London, in 1760. With a manufacturing plant and main distribution centre in Lagos, the most notable contribution to our success has been the Company's on-going commitment to the development and manufacture of paints and allied coatings which are technologically correct, environmentally friendly and formulated to withstand harsh tropical conditions.

The company has a reputation for being the first in setting standards in the paint industry in Nigeria. Its scorecard includes the following:

- First paints manufacturer to be established in Nigeria.
 - First paints company to be quoted on the Nigerian Stock Exchange.
 - First paints 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 paints manufacturer to win NIS Award from SON for premium and market quality decorative products.
 - First paints 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 Nigeria market.

In addition, it has pioneered a wide range of specialty products that are much sought after in this dynamic and ever-changing market. 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 Ruffhide, a wall putty with superior adhesive strength over conventional P.O.P and other screeding materials, first of its kind in the Nigeria market was also pioneered by Berger Paints. Our other well-known brands such as Luxol (Clistay), Super Star and Classic continue to have their loyal clientele and enjoy extreme popularity across Nigeria today.

Berger Paints is also the preferred company of choice when it comes to major corporate and government projects. Examples include the supply of paints to GTB, Skye Bank and FCMB branches nationwide, Tejuosho Ultramodern Market, Belema Flow Station through Shell Petroleum Development Company (SPDC), amongst many others in the year under review. With products that are designed to meet the specific needs of customers, Berger Paints has remained a top of the mind brand over the years. With over 25 depots, Colour World centres and a countrywide distribution network of dealers and mega dealers in strategic locations spread throughout the country, Berger Paints is well placed to serve the requirements of the Nigeria market.

Berger Paints has also enhanced its offerings to customers through the numerous Colourworld outlets opened in strategic locations pan-Nigeria. Thousands of colours are made available to customers at these centres. The Colourworld outlets also offer a wide range of products,



information and colour development through our unique and advanced automated tinting systems and colour software systems. Besides, the Colourworld centres are storehouses of the wide range of our company's products, paint tools and other services that can aid the customers in making decisions on paints and paints applications. Indeed, Berger can match any colour which may be required.

In 2012, Berger Paints Nigeria Plc. entered into a partnership arrangement with the biggest heavy duty coating manufacturing company in South Korea, KCC Corporation to jointly serve the Nigerian paint and coating market. This partnership affords our customers the quality and durability that marine and protective market have found synonymous with the KCC marine and heavy duty brands.

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 including KCC Heavy Duty Coating;**
- **Automotive/Vehicle Refinishes;**
- **Industrial Coatings; and**
- **Wood Finishes and Preservers.**

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. Ruffhide 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 most 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, coil coatings, 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. All the major petroleum oil drilling companies and main ship maintenance companies in Nigeria use the products.

Automotive/Vehicle Refinishes Paints

The company is also 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 2Pack 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 centres are open in strategic locations around the country. Berger Colour world centres offer endless colour possibilities where customers can dream about their choice of colours and have them produced instantly.
- *Technical Collaborations:* Along the lines of technical updates and innovation drives, 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.

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.

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 a nationwide network of over 20 depots and appointed agents (mini depots) spread across the country.



BERGER 102, Oba Akran Avenue, Ikeja, Lagos.

Life is more exciting in **colour**



...enhancing family and protection



BERGER



...enhancing beauty and





Life is more exciting in **colour**



BERGER
...enjoying family and traditions
102, Oba Akran Avenue, Ikeja, Lagos.

BOARD OF DIRECTORS



1. DR. OLADIMEJI ALO, FCPA, FCI^{Ab} (Chairman)
2. MR. ABI ALLISON AYIDA (Non-Executive Director)
3. CHIEF MUSA DANJUMA (Non-Executive Director)
4. MR. NELSON C. NWEKE (Non-Executive Director)
5. MR. OLUWOLE O. ABEGUNDE (Non-Executive Director)
6. MR. RAJ S. MANGIANI (Indian) (Non-Executive Director)
7. MR. ADEKUNLE OLOWOKANDE (Non-Executive Director)
8. ENGR. PATRICK NNAMDI BURUCHE (Non-Executive Director)
9. MR. SANJAY DATWANI (British) (Non-Executive Director)
10. MR. PETER FOLIKWE (Managing Director)

DIRECTORS' PROFILE



DR. OLADIMEJI ALO
CHAIRMAN

Dr. Alo, who holds a PhD degree in Industrial Sociology from University of Ile- Ife (now Obafemi Awolowo University), is a scholar, a management consultant and corporate governance enthusiast.

Dr. Alo has had a distinguished career as a University Lecturer, a Management Consultant and a Corporate Executive. His career in academics saw him serving as a lecturer/visiting lecturer at the University of Ile-Ife, University of Benin, and University of California, Los Angeles, USA. He started his consulting career with Price Waterhouse Associates in 1985, from where he moved on to Coopers & Lybrand Associates in 1987. He rose through the ranks to become an Executive Director of that firm in 1990.

Dr. Alo became the Managing Director/Chief Executive Officer of Financial Institutions Training Centre, a leading training and consulting firm owned by Nigerian banks in 1996, where he contributed actively to the series of reforms in the Nigerian banking sector over a period of thirteen years. He is a fellow of the Chartered Institute of Personnel Management of Nigeria (CIPMN). He also serves on the boards of notable organisations such as Crystal Life Assurance Plc, Financial Institutions Training Centre, Coopers & Lybrand Associate, Trustee, Risk Management Association of Nigeria and ARM Life Plc. Dr. Alo is presently the Managing Director/CEO of Excel Professional Services Limited – a leadership and management consulting firm.

He joined the board on the 11th December, 2012 and was appointed as Chairman on 17th July, 2014.



MR. ABI ALLISON AYIDA
NON-EXECUTIVE DIRECTOR

Mr. Ayida holds a Bachelor degree in Economics from University of Minnesota and a Masters' Degree from Pennsylvania State University, USA. He has broad experience in the banking, insurance and manufacturing industries in the UK and Nigeria. He is currently the Managing Partner for Vail Woodward Associates, a firm of international business development consultants.

He was appointed as a Non-Executive Director on 14th December 1999.



CHIEF MUSA DANJUMA
NON-EXECUTIVE DIRECTOR

Chief Danjuma is an articulate lawyer and a corporate icon with a 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 a pioneer of the Chief Executive Programme at Lagos Business School and 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.

He was appointed as a Non-Executive Director on 14th September 2000.



MR. NELSON C. NWEKE
NON-EXECUTIVE DIRECTOR

Mr. Nweke is an honorary fellow of Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of the Chartered Institute of Stock Brokers of Nigeria. He was an Executive Director of Intercontinental Bank Plc. (now Access Bank Plc). He is a Non-Executive Director of Premium Pension Limited and Intercontinental Homes, Savings and Loans. He is currently the Managing Director of Neville Nigeria Limited. Mr. Nweke holds a Bachelor's degree in Political Science and an MSc in Industrial Relations from University of Ibadan.

He was appointed as a Non-Executive, Independent Director on 11th December, 2012.



DIRECTORS' PROFILE (Cont'd)



MR. OLUWOLE O. ABEGUNDE
NON-EXECUTIVE DIRECTOR

Mr. Abegunde holds a Bachelor's degree in Agricultural Economics from University of Ibadan and an MBA from University of Ilorin. He is a distinguished and respected authority in stock broking. He is a fellow of the Chartered Institute of Stockbrokers and an Authorized Dealing Clerk of the Nigeria Stock Exchange. Mr. Abegunde is currently the Group Managing Director/Chief Executive Officer of Meristem Securities Limited and he serves as a Director on the boards of FTN Cocoa Processors Plc, e-Tranzact International Plc and Integrated Dairies Limited.

He was appointed as a Non-Executive Director on 20th March, 2014. 20th March, 2014.



MR. RAJ S. MANGTANI (*Indian*)
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 boards 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 Non-Executive Director on 16th October, 2014.



MR. ADEKUNLE 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 NNAMDI 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.





MR. SANJAY DATWANI (*British*)
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. PETER FOLIKWE
MANAGING DIRECTOR

Peter Folikwe holds a Bachelor of Science (Hons) degree in Marketing from the University of Nigeria, Nsukka, and Masters in Business Administration (MBA) from the University of Benin, Edo State.

He has garnered 25 years of experience in Marketing, Sales/Distribution and General Management; having worked with top rated companies including UAC Foods Plc., Vitafoam Nigeria Plc and MTN Nigeria Communications Limited. He was instrumental to the set-up of Vitafoam Ghana and Vitafoam Sierra Leone, and served as Chairman of Vitablom Nigeria Limited and as Non-Executive Director of Vono Products Plc. Peter is a Fellow of the National Institute of Marketing of Nigeria, Fellow of the Institute of Direct Marketing of Nigeria, Alumnus of Lagos Business School and Alumnus of Cranfield University Bedford, UK.

He was appointed as the Managing Director/CEO on March 10 2015.



CHAIRMAN'S STATEMENT

“ We recorded a marginal decline in sales revenue from ₦3.083 billion in 2014 to ₦3.022 billion in 2015, representing a 2% decrease. By contrast, our Profit before Tax (PBT) grew from ₦249.3 million in 2014 to ₦565.2 million in 2015 representing a 126.7% increase.”

Oladimeji Alo, PhD.
Chairman



Distinguished shareholders, fellow directors, ladies and gentlemen.

It is with great pleasure that I welcome you to the 56th Annual General Meeting (AGM) of our great Company, Berger Paints Nigeria Plc, holding today, June 9, 2016, at the NECA House, Ikeja, Lagos.

In presenting the financial statements and reports of our Company for the financial year ended 31st December 2015, I would like to highlight some of the key events in our operating environment which provided the context for our performance in that year.

The Global Economy

Global growth was disappointing again in 2015, slowing to 2.4% as economic activities remained subdued. Growth in emerging markets and the developing economies, which continue to account for over 70% of global growth, declined for the fifth consecutive year, while a modest recovery was recorded in advanced economies.

Three major developments influenced the global outlook. These were the gradual slowdown and rebalancing of economic activities in China, the fall in prices of energy and other commodities, and the gradual tightening in monetary



policy in the United States of America (U.S.A) as that economy recovered.

Manufacturing activities and trade remain weak globally, reflecting not only developments in China, but also subdued global demand and investment, and more notably, a decline in investment in extractive industries. In addition, the dramatic decline in imports in a number of emerging market and in developing economies also weighed heavily on global trade. Oil prices have declined markedly since September 2015 to close at \$54 per barrel at year end, reflecting expectations of sustained increases in production by Organization of the Petroleum Exporting Countries (OPEC) in the face of weak demand. Prices of other commodities, also fell.

The Nigerian Economy

Nigeria's real Gross Domestic Product (GDP) dropped to 2.84% in the third quarter of 2015 according to the National Bureau of Statistics (NBS). The decline in world crude oil prices by more than 50% during the year had a huge impact on the Nigerian economy which is largely dependent on crude oil.

Nigeria's foreign reserves also experienced a steady decline during the year relative to accumulated levels over the previous years. The downward trend in reserves was largely due to declining oil revenue due to lower oil prices and stagnant/declining oil production. On the back of the decline in crude oil prices and dwindling foreign reserves, the supply gap in the foreign exchange market increased as demand for dollars outpaced supply thereby putting immense pressure on the Naira. These resulted in volatility and uncertainty in the foreign exchange market. The Central Bank of Nigeria (CBN) devalued the naira by 17% in 2015, forcing it to exchange for N197 and approximately ₦280 to a dollar at the official and the parallel foreign exchange markets respectively as at December 2015.

The CBN reduced the Monetary Policy Rate (MPR) from 13% to 11% and the Cash Reserve Ratio (CRR) from 25% to 20%. The decision to reduce monetary rates was informed primarily by the desire to stimulate the economy. This was against the backdrop of the economic realities as manifested in a weak and fragile domestic macroeconomic environment, declining private and public expenditures and the slump in crude oil

price. In spite of the reduction in MPR, cost and access to funding remained a major challenge for businesses. Throughout the year, the lending rates of commercial banks, including fees and charges, ranged between 22% and 34%. The relaxation of monetary conditions did not impact positively on the cost of funds in the economy.

Headline inflation rate increased by a whopping 20% to 9.6% in 2015 from 8% in 2014. This was largely as a result of the rise in prices of food items. The supply of food items from the North-Eastern part of the country had radically declined due to the prolonged war on terrorism in that region.

The peaceful conduct of the general elections held in March and April 2015 was a positive highlight of the year as the change in government at the Federal level from the ruling political party to the leading opposition party provided a positive impetus for economic activities, though momentarily.

The acute fuel shortage experienced from April 2015 led to disruption of business activities, a reduction in banks' opening hours, regular flight cancellations, threatened restriction of services by telecommunications companies, increase in the price of food commodities, transportation costs and general cost of living. This situation however eased towards the end of the financial year.

The inability of government, especially at the States level to pay workers' salaries, service their debt obligations to banks and pay local contractors put severe pressures on consumer spending. That manifested in weaker aggregate demand and compounded the issues facing manufacturing companies. Those factors, with higher logistics and operational costs, impacted negatively on the revenues of manufacturers during the year.

The Nigerian Manufacturing Sector

The performance of the manufacturing sector in 2015 was not particularly impressive. The sector's contribution to Gross Domestic Product slowed to 9.4% in third quarter 2015 against 2014. Within the period, capacity utilization in the real sector, continued to hover around 45%. The decline in growth was caused by unavailability of foreign exchange for raw material



and equipment importation, high parallel market exchange rates, high interest rates, insufficient power and energy supply as well as inefficient infrastructure which effectively stifled its position as the engine of economic growth.

The Nigerian Paints Industry is highly fragmented with over 500 operators in the structured and unstructured market. The structured market accounts for 65%-70% of the market value but only around 40% of total paint volume in the market. Decorative paints make up the largest share of the Industry, accounting for about 80% of the market. Paint consumption per capita in Nigeria remains low at 2.8 liters in comparison to South Africa's 5.6 liters per capita.

The bulk of the raw materials used in the Nigerian Paints Industry are imported. Only around 30% of raw materials are derived locally and majority of the operators in the Industry rely on third parties to supply raw materials such as calcium carbonate and titanium dioxide.

The Chemical and Paints sector is, however, expected to further ride on the back of the growth of the economy and the building and construction industry to record better performance in the years to come.

Our Performance

In spite of the challenging operating environment, our Company continued to sustain its performance, with emphasis on profitability and value creation for shareholders. We recorded a marginal decline in sales revenue from ₦3.083 billion in 2014 to ₦3.022 billion in 2015, representing a 2% decrease. By contrast, our Profit before Tax (PBT) grew from ₦249.3 million in 2014 to ₦565.2 million in 2015 representing a 126.7% increase. The fall in our sales revenue was largely due to the absence of the one-off export transaction that earned us revenue of ₦199million in 2014. On the other hand, the PBT growth was largely as a result of some extraordinary items which boosted our income. These included our depot outsourcing initiative, improvement of factory efficiency and some cost saving measures we adopted in 2015, compared to 2014.

Major Initiatives in 2015

I am pleased to state that the Board devoted a considerable amount of its time in 2015 to working with Management on a few initiatives meant to boost the performance of the Company into the future. These were:

1. **Depot Outsourcing:** We undertook a major strategic scheme to outsource our existing depots to achieve operational efficiency, cost reduction and increased revenue. We have successfully outsourced 16 of these depots to operators and are on track to complete the outsourcing of the last depot. Our focus is to rollout the outlets franchising scheme across all the states in Nigeria gaining visibility, coverage, availability and sales in 2016.
2. **Factory Upgrade:** We recently completed the full upgrade of the solvent-based section of our factory. This revamp would improve product quantity and quality and operational efficiency which would enhance our footprint as a leading brand in the industry.
3. **Diligent Prosecution of the Plant Modernization Project:** We are on track to deliver to Berger Paints the first automated paint manufacturing plant in Sub-Saharan Africa. We are doing all that is possible to commission the new plant this year. When operational, the new plant would reduce our production costs, reduce response times, and improve our product quality, making us compete favorably with imported brands.
4. **Strengthened Managerial Capacity:** In implementing the recommendations of a major organizational structure review and manpower audit commissioned by the Board, a total of 5 new senior managers were recruited into Management.
5. **Development of a robust risk management framework:** A new Enterprise Risk Management Framework is now in place in Berger Paints. A comprehensive risk management manual was approved by the Board and was being implemented by Management religiously. We expect this to improve operational efficiency, effectiveness and controls going forward.



Board Changes

The Board remained stable during the year with Directors working tirelessly and with full commitment to the strategic objectives of the Company. I must thank them all for their unwavering support and dedication.

Our People

The Company's long-term success is dependent upon the diversity, dedication and commitment of all our people. There has been a renewed dedication and commitment by management and staff towards the ideals of our great company with a view to achieving our strategic focus into the future.

We have invested in the development of a succession plan and some talent development initiatives. We will continue to ensure that all our people have a common set of values as captured in our Code of Business Ethics.

Dividend

As a demonstration of the confidence it has in the future of the Company, and to reward shareholders for their investment, the Board is recommending for your approval the sum of **₦217,367,585** to be paid out as dividend. This works out at 75 kobo per share.

Outlook for 2016

Our focus in the near term would be to:

- Increase earnings and profitability;
- Optimize existing assets and business operations;
- Commission and leverage the new factory as our competitive advantage;
- Drive and invest in the leading brands;
- Enter new categories with emphasis on Nano Coatings;
- Evolve our Route to Market capabilities;
- Drive efficient financial management;
- Develop human capacity and resourcing; and
- Embed a culture of ethics, corporate governance, risk management and controls across the organization.

We remain positive that we can leverage both our brand and assets to capture and deliver on the huge emerging opportunities in the manufacturing and housing/real estate markets.

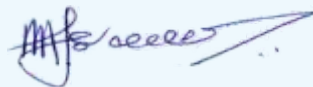
Closing

In conclusion, I would like to thank you, our distinguished shareholders, for your unwavering support through the years. I also thank our key partners (outsourced business partners, customers, suppliers, professional advisers among others) for contributing to the success story of the Company.

Finally, I thank my fellow Directors for their continued commitment to the success of the Company. Special appreciation must go to the management team and all our committed employees for their hard work and untiring dedication in ensuring that the Company continues to be profitable and successful.

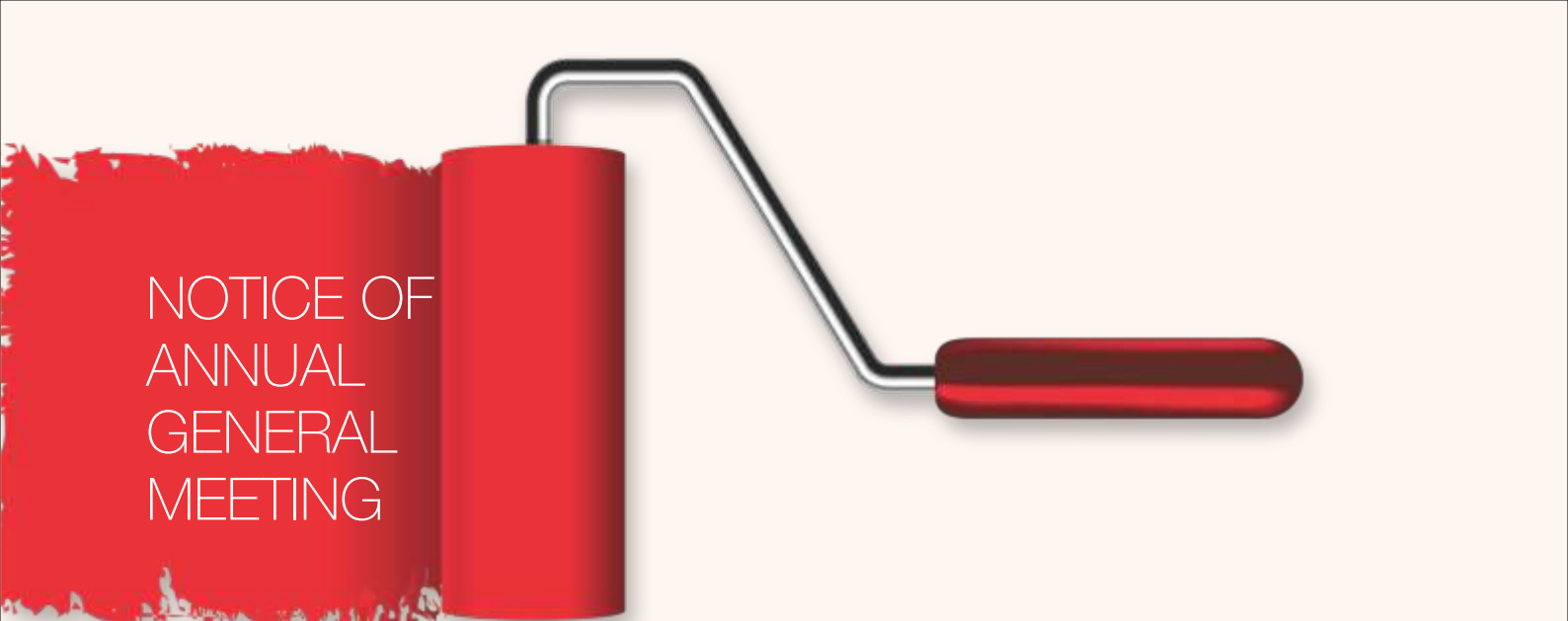
God bless the Federal Republic of Nigeria and God bless Berger Paints Nigeria Plc!!!

I thank you for your kind attention.



Oladimeji Alo, PhD.
Chairman





NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-Sixth Annual General Meeting of Berger Paints Nigeria Plc will be held at NECA Hall, Plot A2 Hakeem Balogun Street, Alausa, Ikeja, Lagos on Thursday June 9, 2016 at 11:00 a.m. to transact the following business:

Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the year ended 31st December, 2015, the reports of the Directors, the Auditors and the Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members to the Audit Committee.

Special Business

6. To approve the remuneration of the Directors.
7. To authorize the Company to enter into recurrent transactions which are of a trading nature of those necessary for its day-to-day operations from related companies in accordance with the Rules of the Nigerian Stock Exchange governing transactions with related parties of interest persons.

Notes

(I) Proxies

A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy on his or her behalf. A proxy need not also be a member of the company. A form of proxy is attached to the Annual Report and Accounts and if it is to be valid for the purpose of the meeting, it must be completed and deposited with the registrars, Meristem Registrars Limited at 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos State not less than 48 hours before the time of the meeting. To be effective, the proxy form must be duly stamped and signed.

(II) Closure of Register of Members and Transfer Books

The Register of Members and Transfer Books of the Company will be closed Wednesday, May 4, 2016 to Friday, May 6, 2016 (both days inclusive) for the purpose of preparing an up-to-date register.

(III) Unclaimed Share Certificates and Dividend Warrants

All shareholders are hereby informed that the registrars of the Company are holding share certificates and dividend warrants which have been returned as "unclaimed". Some dividend warrants sent to shareholders' registered addresses or their bankers are yet to be presented for payment or returned to the Registrars of the company for revalidation.



NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

(IV) Dividend

The Board of Directors of the Company has recommended a dividend of ₦217,367,585 that is 75 kobo per share, which is payable less withholding tax. If the recommendation is approved at the forthcoming Annual General Meeting, the warrants will be posted on June 13 2016 to shareholders whose names appear in the Company's Register of Members as at the close of business on Tuesday, May 3, 2016.

(V) Accounts

Notice is hereby given to all shareholders to open bank accounts and CSCS accounts for the faster receipt of dividends and bonus shares (when/if declared) respectively. Details of such accounts should be sent to the registrars of the company. A detachable e-dividend/CSCS form is attached to the Annual Report and Accounts.

(VI) 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, 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 at least 21 days before the Annual General Meeting.

(VII) General Mandate

In line with the Nigerian Stock Exchange Rules on Transactions with Related Parties, the Company is required to seek a renewal of the general mandate from shareholders as per item 7 of the agenda above. Members had unanimously given a general mandate to the Company at the last Annual General Meeting to enable it enter into related party transactions for the Company's day-to-day operations.

(VIII) Rights of Securities Holders

The NSE reserves the right of shareholders and other holders of the Company's securities to ask questions both at the AGM and prior to the AGM. They may submit their written questions arising from the Annual Report and Accounts to the Company Secretary, at least one week before the AGM and forward copies to the regulators.

Dated March 29, 2016

By Order of the Board



OLUSEUN OLUWOLE
Company Secretary
FRC/2013/NBA/0000000856

102 Oba Akran Avenue
Ikeja, Lagos State.



DIRECTORS' REPORT

For the year ended 31 December 2015

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 2015.

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 former subsidiary company, Robbialac Nigeria Limited, was incorporated in Nigeria as a Private Limited Liability Company in June 1997 and commenced business in October 1997. Robbialac Nigeria Limited was voluntarily wound up effective 18 December 2013.

Another subsidiary, Lewis Berger Paints Ghana Limited, was incorporated in Ghana with effect from 22 October 2013 as a private limited liability company but has not commenced business.

2. Principal activities

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

3. Operating results

The following is a summary of the Company's operating results:

<i>In thousands of naira</i>	2015	2014
Revenue	3,022,264	3,082,930
Results from operating activities	470,720	266,217
Profit before income tax	565,212	249,258
Profit for the year	330,316	148,808
Total comprehensive income for the year	344,868	181,834

4. Dividend

The directors are pleased to recommend to shareholders the payment of a dividend of ₦217,367,585, that is, 75 kobo per share for the 2015 financial year subject to the approval of the Annual General Meeting (2014: ₦217,367,585, that is, 75 kobo per share). The dividend is payable less withholding tax to all members whose names appear in the Register of Members as at the close of business on Tuesday, May 3, 2016.

5. Board of directors

(i) List of directors

The list of the current directors of the Company is as published in the Annual Report.

(ii) Directors retiring by rotation

The directors retiring by rotation in accordance with the Company's Memorandum and Articles of Association are:

- A. Chief Musa Danjuma
- B. Mr. Oluwole Abegunde
- C. Mr. Adekunle Olowokande

Who, being eligible, offer themselves for re-election.



(iii) Board Meetings and Record of Directors' Attendance at Meetings

The Board met 6 times in 2015. 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:

S/N	Name	January 22	March 10	April 21	July 21	October 20	December 15
1	Dr. Oladimeji Alo	Present	Present	Present	Present	Present	Present
2	Mr. Abi Ayida	Present	Present	Present	Present	Present	Present
3	Chief Musa Danjuma	Present	Present	Present	Present	Present	Present
4	Mr. Nelson Nweke	Present	Present	Apology	Present	Apology	Present
5	Mr. Oluwole Abegunde	Present	Apology	Apology	Present	Present	Apology
6	Mr. Raj Mangtani	Present	Apology	Apology	Apology	Present	Apology
7	Mr. Adekunle Olowokande	Present	Present	Present	Present	Present	Present
8	Engr. Patrick Buruche	Present	Present	Present	Present	Present	Present
9	Mr. Sanjay Datwani	Present	Apology	Present	Present	Apology	Present
10	Mr. Peter Folikwe	N/A	N/A	Present	Present	Present	Present
11	Mr. Tor Nygard	Present	N/A	N/A	N/A	N/A	N/A
12	Mr. Jatin Madan	N/A	Present	N/A	N/A	N/A	N/A

(iv) Composition of the Board

During the year under review, the company was managed by a Board of ten Directors consisting of nine Non-Executive Directors (which included the Chairman) and one Executive Director.

(v) Directors' interest in shares as at 31 December 2015

The interests of each Director in the shares of the company 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 follows:

S/N	Name	Direct holdings	
		31-Dec-15	31-Dec-14
1	Dr. Oladimeji Alo	1,900,000	1,500,000
2	Mr. Abi Ayida	625,601	625,601
3	Chief Musa Danjuma	3,442,372	3,442,372
4	Mr. Nelson Nweke	234,320	234,320
5	Mr. Oluwole Abegunde	Nil	Nil
6	Mr. Raj Mangtani	Nil	Nil
7	Mr. Adekunle Olowokande	197,965	197,965
8	Engr. Patrick Buruche	133,606	56,900
9	Mr. Sanjay Datwani	Nil	Nil
10	Mr. Peter Folikwe	Nil	Nil

(vi) Directors' interest in contracts

- Dr. Oladimeji Alo, the Chairman through Excel Professional Services Limited provided human capital services.
- Mr. Raj Mangtani, a Non-Executive Director through Emychem Nigeria Limited supplied raw materials.
- Mr. Oluwole Abegunde, a Non-Executive Director through Meristem Registrars Limited acted as registrars.



6. Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 11 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.

7. Corporate governance report

Berger Paints is committed to adherence to highest ethical standards and best practices. The Board is actively involved in the running of the Company. The Directors are involved among other things, in keeping proper accounting records which disclose with reasonable accuracy and transparency at any time, the financial status of the Company and ensure that the accounts comply with the relevant provisions of the laws.

The Board is also responsible for safeguarding the assets of the Company by taking reasonable steps for the prevention of and detection of fraud and other irregularities. To this end, the Company has a Code of Ethics subscribed to by all Board Members, Audit Committee members, staff, consultants and people who do business with the Company.

The Board encourages whistle blowing and all reported cases are investigated while the whistle blower is protected. Our whistle blowing policy is displayed throughout our premises. Berger Paints Nigeria Plc conducts its business with integrity and diligence and with total consideration for the interest of the shareholders and other stakeholders.

8. Board committees

In conformity with the Code of Best Practices in Corporate Governance, the Finance & General Purpose Committee, Establishment, Remuneration & Governance Committee and Strategy & Risk Management Committee were in operation as at December 2015. Whenever it was necessary in the year under review, the Board also worked through ad hoc committees with well articulated guidelines and terms of reference.

Record of 2015 Committee attendance

Finance & General Purposes Committee

Name	Jan. 13	Mar. 10	July 15	Oct. 15	Dec. 10
Mr. Abi Ayida	Present	Present	Present	Present	Present
Chief Musa Danjuma	Present	Apology	Present	Apology	Present
Mr. Oluwole Abegunde	Apology	Present	Present	Present	Present
Mr. Nelson Nweke	Present	Present	Present	Present	Present
Mr. Adekunle Olowokande	Present	Present	Present	Present	Present
Mr. Peter Folikwe	N/A	N/A	Present	Present	Present

Establishment Remuneration & Governance Committee

Name	Jan 13	April 14	July 15	Dec. 9
Mr. Nelson Nweke	Present	Present	Present	Present
Mr. Adekunle Olowokande	Present	Present	Present	Present
Mr. Raj Mangtani	Apology	Apology	Apology	Present
Engr. Patrick Buruche	Present	Present	Present	Present
Mr. Peter Folikwe	N/A	Present	Present	Present



Strategy & Risk Management Committee

Name	Jan. 13	Dec. 10
Chief Musa Danjuma	Present	Present
Mr. Raj Mangtani	Apology	Present
Engr. Patrick Buruche	Present	Present
Mr. Abi Ayida	Present	Present
Mr. Oluwole Abegunde	Apology	Apology
Mr. Peter Folikwe	N/A	Present

Factory Upgrade Committee

Name	Feb. 13	April 1	June 10	July 17	October 16	Dec. 3
Dr. Oladimeji Alo	Present	Present	Present	Present	Present	Present
Mr. Abi Ayida	Present	Present	Present	Present	Present	Present
Mr. Adekunle Olowokande	Present	Present	Present	Present	Present	Present
Mr. Raj Mangtani	Present	Present	Present	Apology	Present	Present
Mr. Peter Folikwe	N/A	N/A	Present	Present	Present	Present

9. Audit committee

In accordance with the provisions of section 359(4) Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, the Audit Committee comprises three Non-Executive Directors and three shareholders' representatives. The Committee, in the conduct of its affairs as stipulated in Section 359 (6) of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, reviews the overall risk management and control systems, financial reporting procedures and standards of business conduct of the company. In the performance of their duties, the members have access to both the outsourced Internal Auditors and the External Auditors. The Committee met 4 times in 2015 as indicated below.

S/N	Name	March 6	May 12	October 19	Dec. 9
1	Mr. Chibuzor Eke	Present	Present	Present	Present
2	Hon. Anthony Odebiyi	Present	Present	Present	Present
3	Mrs. Mary Shofolahan	Present	Present	Present	Present
4	Mr. Abi Ayida	Present	Present	Retired	Retired
5	Chief Musa Danjuma	Apology	Apology	Apology	Apology
6	Mr. Nelson Nweke	Apology	Apology	Present	Present
7	Mr. Adekunle Olowokande	N/A	N/A	Present	Present



10. Donations and gifts

Donations made to charitable societies and other organizations during the year are stated below:

Beneficiary	Purpose	Place	Amount (₦)
Christian Friends Society	Cash donation to Christian Friends Society	Oba Akinjobi Way, GRA, Ikeja, Lagos.	25,000
Ikeja Golf Club	Cash donation to Ikeja Golf Club for corporate challenge cup	Works Road, GRA, Ikeja.	200,000
Est. Surveyor & Valuer	Cash donation to Estate Surveyors and Valuers for book launch	12, Elephant Cement Way, Alausa, Ikeja.	50,000
Diocese of Ekiti West	Cash donation to Diocese of Ekiti West	Ijero-Ekiti, Ekiti State.	50,000
Entomological Society	Cash donation to Entomological Society	Unilag, Akoka, Lagos.	68,250
Boys Brigade Nigeria	Cash donation for investiture of State President	6, Ikosi Road, Off Kudirat Abiola Way, Oregun, Ikeja, Lagos.	500,000
			893,250

The Company in compliance with Section 38 (2) of the Companies & Allied Matters Act CAP C.20, Laws of the Federation of Nigeria, 2004, did not make any donations to any political party, political association or for any political purpose in the year under review.

11. Respect for law

Berger Paints Nigeria Plc ensures that its existence and operations remain within the Law. The Company's employees are required to comply and respect the Laws and Regulations of Nigeria. The company being a listed company strives to comply with post-listing requirements of the Nigerian Stock Exchange and the Rules and Regulations of the Securities and Exchange Commission including the Code of Corporate Governance.

12. Role in 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 Nigeria Plc is a supplier, a customer, a partner and also 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.

13. Integrity

The Company strives to maintain a very high standard of integrity in its business and policies. Accordingly, we condemn and do not give, receive directly or otherwise any bribes or gratifications or obtain improper advantages for any business or financial gains. It is our policy to avoid anything that will impact negatively on our operations.

14. Quality policy and innovation

Berger Paints Nigeria Plc remains a forward-looking organization, which places premium on quality products. The Company is committed to developing and improving quality through the use of identified processes, which are constantly managed and 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 and more, the Company was awarded the latest International Standard Certification (ISO 9001-2008).

15. Post balance sheet events

There are no significant post balance sheet events which have not been provided for or disclosed in these financial statements.



16. Risk management policy

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

17. Safety and environmental policy

The safety of our employees is a priority. The Company has taken every precaution to provide a safe workplace. There is a zero tolerance policy for workplace violence. Our entire manufacturing operations and installations are regularly certified by both state and federal regulatory agencies. Accidents are investigated, documented 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. Such policies include the “No Smoking Policy”, Violence in the Workplace Prevention Policy and Workplace Safety Rules.

The Company ensures the safety of members of staff, contractors and visitors by:

- Ensuring that plant equipment are adequately maintained to prevent accidents.
- Using engineering 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 performance.
- Ensuring that our 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 emergencies.
- Continuously training employees to create safety consciousness.

The Company also complies with all relevant environmental laws and regulations. We strive to minimize or eliminate environmental impacts associated with our activities by:

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

Environmental Assessment

Part of the fulfillment of our environmental friendliness policy is to conduct a periodic Environmental Audit to monitor the Significant Environmental Aspects associated with our operation and put in place control measures that will minimize or eliminate their adverse impact on the environment and the community as a whole.

18. Company's distributors and trade partners

The company has numerous outsourced business operators and distributors all over the country who have contributed to the turnover and to whom the company remains grateful. The major distributors and trade partners include but are not limited to the following:

S/N	State/City	Area Address	Business Name	Phone
1	ABA	128, Aba-Owerri Road, Beside Kemjika Filling Station, Abia State.	Agba Akin Enterprise Limited	07031720040
2	ABUJA	6, Alenxandria Crescent, Wuse 11, Behind Barnex Plaza, F.C.T. Abuja.	Khafadez Resources Ltd.	07031720041
3	AKURE	102, Oyemekun Rd. Opposite Oyemekun Grammar School, Akure.	FFB Ventures Limited	07031720051
4	BENIN	134, Murtala Mohammed Way, Benin City, Edo State.	Tesan Technical Services	07031720080



DIRECTORS' REPORT

(Cont'd)

S/N	State/City	Area Address	Business Name	Phone
5	CALABAR	14, Murtala Mohammed Way, Calabar.	Great Ajfc Nig. Ltd.	07031720042
6	IBADAN	1, Azeez Aina Street, Off Ring Road, Ibadan, Oyo State.	Arigbamu Ogo Oluwa & Sons Ltd.	07031720043
7	ILORIN	No. 4, Ifelodun Street, Off Asa Dam Road, Offa Garage, Ilorin.	Everestplus Limited	07031720077
8	JOS	1A, Constitution Hill Road, Opposite Pirelli Tyres, Jos, Plateau State.	Splendid TSY Nig. Ltd.	07031720046
9	KADUNA	1440, Kachia Road, Kaduna, Kaduna State.	De-Joescon Enterprise	07031720045
10	KANO	4, Ajasa Street, Off Civic Centre Road, Kano State.	Aikawa General Merchants	07031779337
11	LAGOS - YABA	4, Ojuelegba Road, Yaba.	Blessing & Wisdom Ltd.	07031720048
12	MAIDUGURI	105, Baga Road, Maiduguri, Borno State.	Kawu Tijjani & Sons Ltd.	0810216485
13	ONITSHA	Akwa Road, Onitsha, Anambra State.	Amor Dei West Africa	08033138220
14	PORT HARCOURT	No. 42, Old Aba Road by Artillery Junction Port Harcourt.	Parttracker Ltd.	07031720047
15	WARRI	111, Warri-Effurun Road, Warri, Delta State.	Tesan Technical Services	07031720080
16	UYO	No. 51, Ikot Ekpene Road.	Sal-Aadis Global Resources	07031779333
17	OWERRI	51/65, Mbaise Road, by Wetheral/Fire Service Roundabout, Owerri.	Lato Universal	07031779334
18	EKITI	MBM Ajitadidun Estate, Along Adebayo Road, Ado Ekiti.	Fomkab Ventures	07031779325
19	IBEJU/EPE	KM 30, Lagos Epe Expressway, Casia Estate, Abijo GRA.	Ladii Ventures	07031779324
20	LEKKI/AJAH	KM 16, Lekki Epe Expressway, Agungi/Osapa Bus Stop.	Spinetti Multiglobal	07031771932
21	MINNA	SM3, Ahamadu Bahago Plaza, Tunga, Minna.	Khafadez Resources Ltd.	07031720041
22	LAGOS - IKEJA	102, Oba Akran Avenue, Ikeja Industrial Estate.	Sowerscreed Ventures	07031720044

New Locations

S/N	State/City	Area Address	Business Name	Phone
1	IBADAN 2	Floemapet Mall, Elebu Market Road, Elebu, Oluyole Extension, Ibadan.	Arigbamu Ogo Oluwa	07031720043
2	AWKA	KM 20 Enugu/Onitsha Express Road, Opp. Crunches Eatery, Unizik Junction, Awka.	Amor Dei West Africa	08033138220
3	KANO 2	19, Murtala Mohammed Way, Opposite Kano Residential Hotel, Kano.	Aikawa General Merchants	07031779337





DR. OLADIMEJI ALO, FCI^{PM}, FCI^{Arb}
CHAIRMAN



MR. ABI ALLISON AYIDA
NON-EXECUTIVE DIRECTOR



CHIEF MUSA DANJUMA
NON EXECUTIVE DIRECTOR



MR. NELSON C. NWEKE
NON-EXECUTIVE DIRECTOR



MR. OLUWOLE O. ABEGUNDE
NON-EXECUTIVE DIRECTOR

19. Suppliers

The bulk of overseas purchases of raw materials are made from Lewis Berger International Suppliers Limited, while regular purchases are made from the following local suppliers:

- Emychem Nigeria Limited
- Nycil Limited
- Chizzy Nigeria Ltd.
- Trisa Nigeria Limited
- Avon Crowncaps Containers Plc
- Nagode Nigeria Limited
- Robinson Ventures Nigeria Limited
- Regatta Nigeria Limited
- Metoxide Nigeria Ltd.
- Wahum Packaging Limited

20. Employment of the physically challenged

Berger Paints Nigeria Plc has a continuing commitment to providing employment for people with physical challenges who are able to work. It is therefore the policy of the company to consider applications for employment from physically challenged persons.

21. Managing diversity and employee development

The Company's policy on managing diversity recognizes that there are differences among employees and that these differences, if properly managed, make for efficiency and effectiveness. We believe that harnessing these differences create a productive environment in which everyone feels valued, their talents fully utilized

and organizational goals met. We have also created the necessary enabling environment where new and expansive patterns of thinking are nurtured as a way of developing our employees as agents of change.

Our employee development policy and the management trainee scheme are examples of a commitment to continuous development of the skills and abilities of employees in order to maximize their contribution.

22. Health & Wellbeing

Berger Paints Nigeria Plc has a comprehensive health policy that covers not only members of staff but also their dependants. We have an in-house clinic manned by qualified medical personnel. 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. Our health policy is fully funded by the company under a comprehensive plan with approved Health Management Organisations (HMO).

We also have a company policy on HIV/AIDS that encourages interaction with employees diagnosed with HIV. The purpose of our HIV/AIDS policy is to reassure employees that AIDS is not spread through casual contact during normal work practices and to reduce unrealistic fears about contacting the virus at the work place. The Company conducts regular health and wellness talks for employees.





MR. RAJ S. MANGTANI (*Indian*)
NON-EXECUTIVE DIRECTOR



MR. ADEKUNLE OLOWOKANDE
NON-EXECUTIVE DIRECTOR



ENGR. PATRICK NNAMDI BURUCHE
NON-EXECUTIVE DIRECTOR



MR. SANJAY DATWANI (*British*)
NON-EXECUTIVE DIRECTOR



MR. PETER FOLIKWE
MANAGING DIRECTOR

23. Employment equity, gender policies and other human resource policies

Berger Paints Nigeria Plc is an equal opportunity employer. We do not permit direct or indirect discrimination against any employee on the grounds of ethnicity, nationality, gender, sexual orientation, disability, religion, marital status or age. The Company encourages equal opportunity as a HR policy. In dealing with human issues in the Company, we encourage equity, fair play, learning, quality of life, ethical operations among others. Partnership, representation and dialogue are encouraged through staff associations.

24. Pension

The Company is fully compliant with the provisions of the revised Pension Reform Act, 2015.

25. Other Welfare Packages

Berger Paints staff enjoy highly subsidized meals served in a hygienically maintained canteen. The company believes that productivity springs from a healthy mind in a healthy body.

26. Independent auditors

In accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria, Messrs KPMG Professional Services, have indicated their willingness to continue in office as independent auditors to the Company.

27. Compliance with regulatory requirements

The Company in the year under review did not contravene the rules of any of the regulatory authorities and did not receive any warning or sanction.

28. Responsibility for Accuracy of Information

The directors of Berger Paints Nigeria Plc pursuant to Article 2.2.4 of the Amended Listing Rules 2015 of the Nigerian Stock Exchange accept responsibility for the accuracy of the information contained in this report.

29. Securities & Trading Policy and Complaints Management Policy

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

BY ORDER OF THE BOARD

Oluseun Oluwole

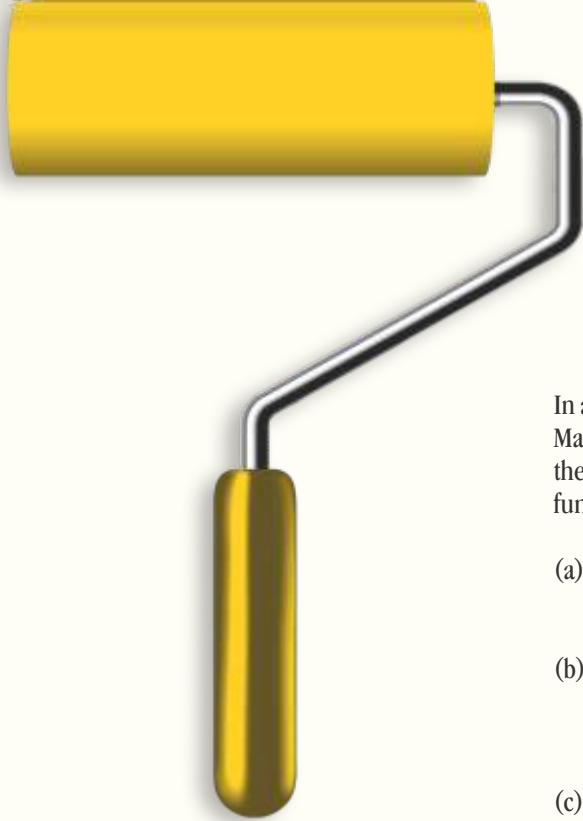
Company Secretary

29 March 2016

FRC/2013/NBA/00000000856



REPORT OF THE AUDIT COMMITTEE



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

- (a) The accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- (b) The scope and planning of both the external and internal audit programmes for the year ended 31 December, 2015 are satisfactory and reinforce the Company's internal control system.
- (c) 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.

Members of the Audit Committee are:

Mr. Chibuzor E. Eke	-	Shareholders' Representative/Chairman
Hon. Anthony Odebiyi	-	Shareholders' Representative
Mrs. Mary Shofolahan	-	Shareholders' Representative
Chief Musa Danjuma	-	Non-Executive Director
Mr. Nelson Nweke	-	Non-Executive Director
Mr. Kunle Olowokande	-	Non-Executive Director

The Company Secretary, Oluseun Oluwole is the Secretary to the Committee.

Dated this 17th day of March, 2016

Mr. Chibuzor E. Eke
FRC/2013/IMN/0000004670



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

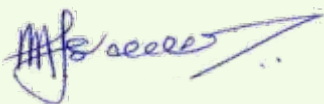
For the year ended 31 December 2015

The directors accept responsibility for the preparation of the annual financial statements set out on pages 32 to 72 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria 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 of Nigeria 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 the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Oladimeji Alo (FRC/2013/CIPMN/00000004115)
Chairman
29 March 2016



Peter Folikwe (FRC/2015/IMN/0000012628)
Managing Director
29 March 2016





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Bishop Abovade Cole Street
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Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Members of Berger Paints Nigeria Plc

Report on the Financial Statements

We have audited the accompanying financial statements of **Berger Paints Nigeria Plc** ("the Company"), which comprise the statement of financial position as at 31 December 2015 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 a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 72.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria 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.

Auditor's Responsibility

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

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

and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of **Berger Paints Nigeria Plc** ("The Company") as at 31 December 2015 and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

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 statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Oluwatoyin A. Gbagi, FCA
FRC/2012/ICAN/00000000565
For: KPMG Professional Services
Chartered Accountants
29 March 2016
Lagos, Nigeria



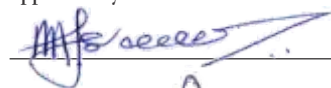
STATEMENT OF FINANCIAL POSITION

As at 31 December

In thousands of naira

	Notes	2015	2014
Assets			
Property, plant and equipment	11	1,046,326	878,958
Investment property	12	509,157	534,156
Available-for-sale investments	13	172,119	151,331
Total non-current assets		1,727,602	1,564,445
Inventories	14	459,526	523,921
Trade and other receivables	15	266,060	480,049
Deposit for imports	16	70,995	524,236
Prepayments and advances	17	770,946	125,616
Cash and cash equivalents	18	600,741	421,878
Total current assets		2,168,268	2,075,700
Total assets		3,895,870	3,640,145
Equity			
Share capital	19(a)	144,912	144,912
Share premium	19(b)	635,074	635,074
Fair value reserve	19(c)	54,188	39,636
Retained earnings		1,753,156	1,640,208
Total equity		2,587,330	2,459,830
Liabilities			
Retirement benefit obligations	25(b(i))	-	216,810
Loans and borrowings	22	89,185	121,491
Deferred tax liabilities	9(e)	75,652	25,483
Total non-current liabilities		164,837	363,784
Retirement benefit obligations	25(b(i))	182,140	-
Loans and borrowings	22	3,767	11,481
Current tax liabilities	9(d)	219,629	108,210
Trade and other payables	20	447,539	401,484
Deferred income	21	20,060	69,416
Dividend payable	24	270,568	225,940
Total current liabilities		1,143,703	816,531
Total liabilities		1,308,540	1,180,315
Total equity and liabilities		3,895,870	3,640,145

Approved by the Board of Directors on 29 March 2016 and signed on its behalf by:



Oladimeji Alo (FRC/2013/CIPMN/0000004115)
Chairman



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



Kola Ajayi (FRC/2014/ICAN/00000010205)
Chief Finance Officer

The accompanying notes on pages 36 to 72 form an integral part of these financial statements.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

In thousands of naira

	Notes	2015	2014
Revenue	4	3,022,264	3,082,930
Cost of sales	7(b)	(1,643,696)	(1,736,060)
Gross profit		1,378,568	1,346,870
Curtailment gain on retirement benefit obligations	25(b(I))	60,180	-
Other income	5	95,065	79,021
Selling and distribution expenses	7(b)	(380,345)	(221,445)
Administrative expenses	7(b)	(682,748)	(938,229)
Operating profit		470,720	266,217
Finance income	6	144,004	61,774
Finance costs	6	(49,512)	(78,733)
Net finance income		94,492	(16,959)
Profit before taxation		565,212	249,258
Income tax expense	9(a)	(234,896)	(100,450)
Profit for the year		330,316	148,808
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit obligation	25(b)	-	31,330
Related tax	9(b)	-	(9,399)
		-	21,931
<i>Items that are or may be reclassified to profit or loss</i>			
Available-for-sale financial assets - net change in fair value	13	20,788	15,850
Related tax	9(b)	(6,236)	(4,755)
		14,552	11,095
Other comprehensive income for the year		14,552	33,026
Total comprehensive income		344,868	181,834
Earnings per share:			
Basic earnings per share (kobo)	10	114	51

The accompanying notes on pages 36 to 72 form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

For the year ended 31 December 2015

In thousands of naira

	Note	Share Capital	Share premium	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2015		144,912	635,074	39,636	1,640,208	2,459,830
Comprehensive income for the year						
Profit for the year		-	-	-	330,316	330,316
Other Comprehensive income	9(b)	-	-	14,552	-	14,552
Total comprehensive income for the year		-	-	14,552	330,316	344,868
Transactions with owners, recorded directly in equity						
Dividend paid	24	-	-	-	(217,368)	(217,368)
Total transactions with owners		-	-	-	(217,368)	(217,368)
Balance at 31 December 2015		144,912	635,074	54,188	1,753,156	2,587,330
Balance at 1 January 2014		144,912	635,074	30,283	1,665,988	2,476,257
Comprehensive income for the year						
Profit for the year		-	-	-	148,808	148,808
Other Comprehensive income	9(b)	-	-	11,095	21,931	33,026
Reclassification of net gains previously recognised in OCI	19(c)	-	-	(1,742)	-	(1,742)
Total comprehensive income for the year		-	-	9,353	170,739	180,092
Transactions with owners, recorded directly in equity						
Dividend paid	24	-	-	-	(202,876)	(202,876)
Unclaimed dividend (statute barred)	24	-	-	-	6,357	6,357
Total transactions with owners		-	-	-	(196,519)	(196,519)
Balance at 31 December 2014		144,912	635,074	39,636	1,640,208	2,459,830

The accompanying notes on pages 36 to 72 form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

For the year ended 31 December

In thousands of naira

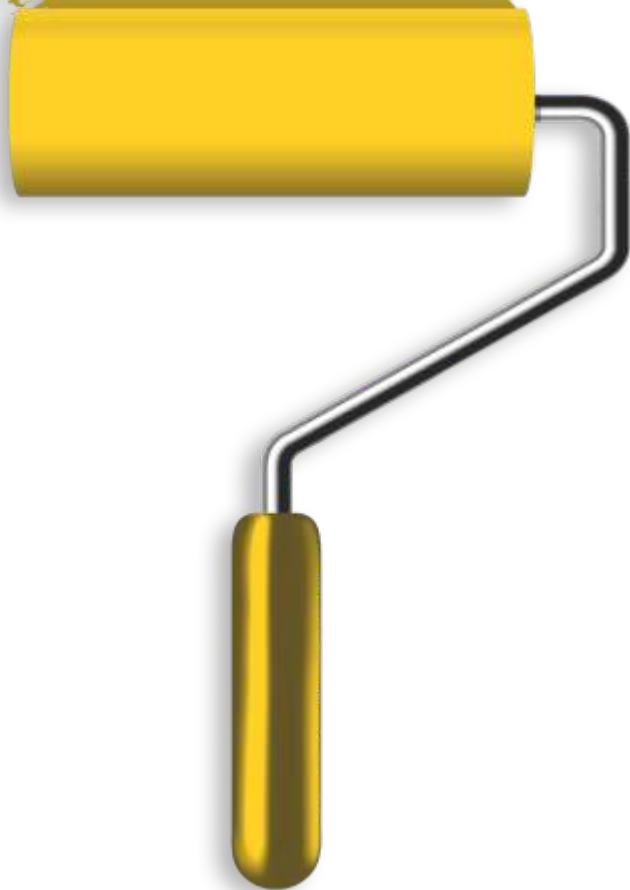
	Note	2015	2014
Cash flows from operating activities			
Profit for the year		330,316	148,808
Adjustments for:			
- Depreciation	11(a) & 12	117,958	126,594
- Finance income	6	(144,004)	(61,774)
- Finance cost	6	49,512	78,733
- (Gain)/loss on sale of property, plants and equipment	7(a)	(51,044)	4,923
- Capital work-in-progress written-off	11	349	8,829
- Service cost on defined benefit obligation	25(b(I))	29,739	29,465
- Curtailment gain on retirement benefit obligations	25(b(I))	(60,180)	-
- Tax expense		234,896	100,450
		507,542	436,028
<i>Changes in:</i>			
- Inventory		64,395	(11,717)
- Trade and other receivables	15(c)	209,741	(197,695)
- Deposit for imports		453,241	(524,236)
- Prepayments and advances		(645,330)	(38,306)
- Trade and other payables	20(b)	46,055	(50,102)
- Deferred income		(49,356)	(9,140)
Cash used in generated from operating activities		586,288	(395,168)
Retirement benefits paid	25(b(I))	(36,357)	(9,494)
Tax paid	9(d)	(35,151)	(57,674)
Net cash used in operating activities		514,780	(462,336)
Cash flows from investing activities			
Purchase of property plant and equipment	11(g)	(267,590)	(113,235)
Proceeds from sale of property, plants and equipment		57,958	6,370
Finance income	6	46,455	60,033
Proceeds from disposal of available-for-sale investments	13	-	16,259
Net cash (used in)/generated from investing activities		(163,177)	(30,573)
Cash flows from financing activities			
Repayment of borrowings		-	(54,907)
Dividend paid	24	(172,740)	(168,683)
Net cash (used in)/from financing activities		(172,740)	(223,590)
Net (decrease)/increase in cash and cash equivalents		178,863	(716,499)
Cash and cash equivalents at 1 January		421,878	1,138,377
Cash and cash equivalents at 31 December	18	600,741	421,878

The accompanying notes on pages 36 to 72 form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended
31 December 2015



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(Cont'd)

1. Reporting Entity

Berger Paints Nigeria Plc ("**the Company**") was incorporated in Nigeria as a private limited company in 1959 and was converted to a public liability company in 1973. Its registered office address is at 102, Oba Akran Avenue, Ikeja Industrial Estate, Ikeja, Lagos. The Company is listed on the Nigerian Stock Exchange. The principal activities of the Company continue to be the manufacturing, sale and distribution of paints and allied products throughout the country.

2. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB). The financial statements were authorised for issue by the Board of Directors on 29 March 2016.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the following:

- available-for-sale financial assets measured at fair value.
- the present value of defined benefit obligation relating to the unfunded defined benefit scheme.

(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

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Note 3(O) and 28	–	Leases: whether an arrangement contains a lease
Note 3(K) and 4	–	Recognition and measurement of revenue from rendering of services.

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

Note 3(I) and 25	–	Measurement of defined benefit obligation: key actuarial assumptions
Note 3(G) and 29	–	Recognition and measure of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
Note 2(e) and 27	–	Determination of fair values
Note 3(F) and 15	–	Impairment test: key assumptions underlying recoverable amounts,

(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 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:



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

- 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 28 – Financial risk management and financial instruments.

3. Significant Accounting Policies

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

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A. Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency 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 to the 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 using the exchange rate at the dates of the transaction. Foreign currency differences are generally recognised in profit or loss.

B. Financial instruments

i Non-derivative financial assets

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Cash and cash equivalents

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

ii. Non-derivative financial liabilities

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

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

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

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

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

C. Capital and other reserves

i. Share capital

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

ii. Share premium

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



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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 deficit or accumulated deficit.

iv. Fair value reserve

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

D. Property, plant and equipment

i. Recognition and measurement

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

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

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

If significant parts 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 costs

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 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.

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

• Buildings	– 20 years
• Plants and machinery	– 5 - 12 years
• Motor vehicles	– 3 - 6 years
• Furniture and equipment	– 8 years
• Computer equipment	– 2 years

Leasehold land is depreciated over the lease period.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

E. Investment property

i. Recognition and measurement

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

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

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

ii. Subsequent costs

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	–	99 years

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.

F. Impairment

i. Financial assets

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

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

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

For equity instrument classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is

considered to be objective evidence of impairment. Where such evidence exists, the cumulative gain or loss that has been previously recognised in OCI and transferred to equity is removed from equity (through OCI) and recognised in profit or loss. Reversals of impairment of equity instruments are not recognised in the profit or loss. Subsequent increases in the fair value of equity instruments after impairment are recognised directly in OCI.

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

ii. Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or its CGU



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

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

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

G. *Contingent liabilities and contingent assets*

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

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

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

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

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

H. *Provisions*

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

I. *Employee benefits*

i. *Defined contribution plan*

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

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for all employees. The Company and its employees contribute a minimum of 10% and 8% of the employees annual insurable earnings (basic, 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.



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ii. Defined benefit gratuity scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and that benefit is discounted to determine its present value.

In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover. The calculation is performed using the Projected Unit Credit method.

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. HR Nigeria Limited (FRC/NAS/0000000738) was engaged as the independent actuary in the current and prior years. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in Other Comprehensive Income (OCI). The effect of any curtailment is also charged in full in profit or loss immediately the curtailment occurs. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

iii. 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.

iv. Termination benefits

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

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

J. Inventory

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

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

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



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(Cont'd)

K. Revenue

i. Sale of goods

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

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

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

ii. Rendering of service - supply and apply services contract

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

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

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

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

iii. Investment property rental income

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

L. Finance income and finance costs

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

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

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

M. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.



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Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised in profit or loss account except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

N. Earnings per share

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

O. Leases

i. Determining whether an arrangement contains a lease

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

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

ii. Lease 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. Other leases are operating leases and the leased assets 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



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between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

P. Statement of cashflows

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

Q. Operating Segment

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

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

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

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

R. Dividends

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

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

S. Prepayments and advances

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

T. Deposit for imports

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

U. Investment in subsidiary

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



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V. *Related party transactions*

For the purposes of this financial statements, a party is considered to be related to the Company if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company.
- (ii) the Company and the party are subject to common control.
- (iii) the party is an associate of the Company or a joint venture in which the Company is a venture.
- (iv) the party is a member of key management personnel of the Company or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals.
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post – employment benefit plan, which is for the benefit of employees of the Company or of any entity that is a related party of the Company.
- (vii) close family members of an individual are those family members who may be expected to influence, or be influenced by that individual in their dealings with the entity.

W. *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below:

- Disclosure Initiative (Amendments to IAS 1)
The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

- IFRS 15 – *Revenue from contracts with customers*

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard may have a significant impact on the Company, which may include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.



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– **IFRS 9 - Financial Instruments**

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments Standard*, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

– **IFRS 16 - Leases**

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for the lessee and lessor.

X. New currently effective requirement

New IFRS standards and amendments to existing standards to existing standards that become effective for annual periods commencing on or after 1 January 2015 have been applied in preparing the financial statements resulting in additional disclosures but had not significant impact on the measurement of the Company's assets and liabilities. The new IFRS standard and amendments to existing standards is as follows:

Defined Benefit Plans: Employee Contributions (Amendments to IAS19) - this became effective on 30 June 2015.



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(Cont'd)

4. Revenue

(a) Revenue for the year comprises:

In thousands of naira

	2015	2014
Paints and allied products	2,628,692	2,815,421
Contract revenue	327,822	203,371
Investment property rental income	65,750	64,138
Total revenue	3,022,264	3,082,930

(b) Revenue from paints and allied products for the year comprises:

In thousands of naira

	2015	2014
Local (Nigeria)	3,022,264	2,883,846
Exports	-	199,084
Total revenue	3,022,264	3,082,930

Nigeria is the Company's primary geographical segment as all sales in the current year (2014: 94%) were made in the country.

5. Other income

Other income comprises:

In thousands of naira

	2015	2014
Sale of empty drums	3,132	3,036
Sale of empty scrap	10,222	-
Rental income on property subleases	21,742	75,986
Profit from disposal of property, plants and equipment	51,044	-
Insurance claims received	5,883	-
Sale of diesel oil	3,042	-
	95,065	79,022

6. Finance income and finance cost

Recognized in profit or loss:

In thousands of naira

	2015	2014
Interest income on bank deposits	46,455	60,032
Exchange gain	40,145	-
Reclassification of net gains previously recognised in OCI (Note 19(c))	-	1,742
Unwinding of discount on financial liabilities measured at amortised cost	57,404	-
Finance income	144,004	61,774
Interest expense on short term borrowings	(219)	(268)
Interest cost on defined benefit obligation	(32,128)	(28,343)
Interest expense on financial liabilities measured at amortised costs	(17,165)	(50,122)
Finance cost	(49,512)	(78,733)
Net finance income recognised in profit or loss	94,492	(16,959)



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7. Profit before tax

- (a) Profit before tax is stated after charging/(crediting):
In thousands of naira

	Note	2015	2014
Directors' remuneration	8(iv)	31,670	50,883
Depreciation	11(a) & 12	117,958	126,594
Personnel expenses	8(I)	626,259	486,874
Auditor's remuneration	7(c)	16,500	16,500
Loss on disposal of property, plant and equipment		-	4,923
Profit on disposal of property, plant and equipment		(51,044)	-

- (b) Analysis of expenses by nature
In thousands of naira

	2015	2014
Directors emoluments	31,670	50,883
Personnel expenses	626,259	486,874
Training expenses	9,283	11,168
Repairs and maintenance	57,162	40,427
Office and corporate expenses	33,086	77,798
License and permits	10,132	7,527
Utilities	26,399	18,711
Insurance	16,139	11,006
Travel, transport and accommodation	73,123	121,107
Rent expenses	25,223	20,492
Subscription and donation	11,211	12,762
Depreciation	117,958	126,594
Printing and stationery	5,770	13,409
Legal and professional fees	84,404	76,912
Auditor's remuneration (Note 7(c))	16,500	16,500
Provision for doubtful debts	8,898	40,997
Bank charges	7,339	15,598
Advertisement and publicity	112,572	59,835
Loss on disposal of property, plants and equipment	-	4,923
Raw materials and consumables	1,342,621	1,542,498
Supply and apply services contract expenses	91,040	139,713
	2,706,789	2,895,734

Summarised as follows:

Cost of sales	1,643,696	1,736,060
Selling and distribution expenses	380,345	221,445
Administrative expenses	682,748	938,229
	2,706,789	2,895,734

- (c) Auditor's remuneration comprise the following:
In thousands of naira

	2015	2014
Audit fees	15,000	15,000
Other non-audit fees	1,500	1,500
	16,500	16,500

8. Personnel expenses

- (i) Personnel expenses during the year comprises:
In thousands of naira

	2015	2014
Salaries, wages and allowances	571,543	437,604
Provision for gratuity - service cost	29,739	29,465
Contribution to compulsory pension fund scheme	24,977	19,805
	626,259	486,874



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- (ii) Number of employees of the Company as 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:

			2015 Number	2014 Number
	₦	₦		
	1	- 500,000	Nil	Nil
	500,001	- 1,000,000	80	106
	1,000,001	- 1,500,001	80	78
	1,500,001	- 2,000,001	25	12
	2,000,001	- 3,000,001	10	11
	3,000,001 and above		15	21
			210	228

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

	2015 Number	2014 Number
Production	48	48
Sales and marketing	47	49
Finance	25	34
Administration	13	13
Maintenance	11	11
Corporate	7	8
Procurement	3	5
Distribution	24	32
I.T.	3	2
Technical	17	16
Raw materials	12	10
		210
		228

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

<i>In thousands of naira</i>	2015	2014
Fees paid to non-executive directors	5,575	2,450
Salaries	26,095	20,318
Severance fees paid to retired directors	-	28,115
		31,670
		50,883

The directors' remuneration shown above includes:

<i>In thousands of naira</i>	2015	2014
Chairman	300	350
Highest paid director	9,500	8,000

Other directors received emoluments in the following ranges:

			2015 Number	2014 Number
	₦	₦		
	Nil	- 1,000,000	7	7
	4,000,001	- 8,000,000	1	1
			8	8



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9. Taxation

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

<i>In thousands of naira</i>	2015	2014
Current tax expense:		
Company income tax	143,849	101,842
Tertiary education tax	11,962	9,669
Back duty assessment	155,811	111,511
	35,152	0
Charge for the year	190,963	111,511
Deferred tax expense:		
Origination and reversal of temporary differences (Note 9 (e))	43,933	(11,061)
	43,933	(11,061)
Income tax expense	234,896	100,450

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

- (b) Amounts recognised in other comprehensive income:

<i>In thousands of naira</i>	2015			2014		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Actuarial gains on staff retirement benefit plan	-	-	-	31,330	(9,399)	21,931
Fair value change on AFS financial assets	20,788	(6,236)	14,552	15,850	(4,755)	11,095
	20,788	(6,236)	14,552	47,180	(14,154)	33,026

- (c) Reconciliation of effective tax rate:

<i>In thousands of naira</i>	2015		2014	
	%		%	
Profit for the year		330,316		148,808
Taxation		234,896		100,450
Profit before income tax		565,212		249,258
Income tax using the Company's domestic rate of 30%	30	169,564	30	74,777
Tax effect of:				
- Non-deductible expenses	18	99,902	27	68,504
- Tax exempt income	(8)	(46,106)	(4)	(8,777)
- Tax incentives	(6)	(35,578)	(18)	(43,723)
- Other income related taxes	2	11,962	4	9,669
- Back duty assessment	6	35,152	0	-
Tax expense	42	234,896	40	100,450



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(d) The movement on the tax payable account during the year was as follows:
In thousands of naira

	2015	2014
Balance, beginning of the year	108,210	74,506
Current year charge	190,963	111,511
Cash payments	(35,151)	(57,674)
WHT credit notes utilised	-	(14,619)
	264,022	113,724
Offset of current tax assets against current tax liabilities	(44,393)	(5,514)
Balance, end of the year	219,629	108,210

(e) Movement in deferred tax balances
In thousands of naira

	Balance at 1 January	Recognised in profit or loss	Recognised in Other comprehensive income	Balance at 31 December		
				Net	Deferred tax assets	Deferred tax liabilities
2015						
Property, plant and equipment	93,568	27,843	-	121,411	-	121,411
Provisions	(109,218)	16,090	-	(93,128)	(93,128)	-
Actuarial (gains)/losses on staff retirement benefit plan	31,501	-	-	31,501	-	31,501
Available-for-sale financial assets - net change in fair value	9,632	-	6,236	15,868	-	15,868
Net tax (assets) liabilities	25,483	43,933	6,236	75,652	(93,128)	168,780
2014						
Property, plant and equipment	84,865	8,703	-	93,568	-	93,568
Provisions	(89,454)	(19,764)	-	(109,218)	(109,218)	-
Actuarial (gains)/losses on staff retirement benefit plan	22,101	-	9,399	31,501	-	31,501
Available-for-sale financial assets - net change in fair value	4,877	-	4,755	9,632	-	9,632
Net tax (assets) liabilities	22,389	(11,061)	14,154	25,483	(109,218)	134,701



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10. Earnings and declared dividend per share

(a) Basic earnings per share

Basic earnings per share of 159 kobo (2014: 51 kobo) is based on the profit for the year of ₦459 million (2014: ₦149 million) and on 289,823,447 (2014: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year calculated as follows;

	2015	2014
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 January	289,823,447	289,823,447
Effect of ordinary shares issued during the year	-	-
Weighted average number of ordinary shares at 31 December	289,823,447	289,823,447

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

(b) Dividend declared per share

Dividend declared per share of 75 kobo (2014: 75 kobo) is based on total declared dividend of ₦217 million (2014: ₦217 million) on 289,823,447 (2014: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year.

11. Property Plant and equipment

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

In thousands of naira

	Leasehold Land	Building	Plant and Machinery	Office furniture and fittings	Motor Vehicles	Computer Equipment	Capital work-in-progress	Total
Cost								
Balance at 1 January 2014	496,650	372,740	270,760	50,857	258,847	125,888	10,069	1,585,811
Additions	-	-	30,852	2,915	75,951	7,282	7,350	124,350
Write off	-	-	-	-	-	-	(8,829)	(8,829)
Disposals	-	-	(3,237)	(64)	(41,278)	-	-	(44,579)
Balance at 31 December 2014	496,650	372,740	298,375	53,708	293,520	133,170	8,590	1,656,753
Balance at 1 January 2015	496,650	372,740	298,375	53,708	293,520	133,170	8,590	1,656,753
Additions	-	-	52,797	1,031	30,395	2,022	181,345	267,590
Write off	-	-	-	-	-	-	(349)	(349)
Disposals	-	-	(1,365)	(2,348)	(44,090)	(931)	-	(48,734)
Balance at 31 December 2015	496,650	372,740	349,807	52,391	279,825	134,261	189,586	1,875,260
Accumulated depreciation								
Balance at 1 January 2014	78,045	147,171	154,485	32,331	180,719	116,751	-	709,502
Charge for the year	10,005	18,537	17,011	4,289	43,072	8,665	-	101,579
Disposals	-	-	(3,237)	(64)	(29,985)	-	-	(33,286)
Balance at 31 December 2014	88,050	165,708	168,259	36,556	193,806	125,416	-	777,795
Balance at 1 January 2015	88,050	165,708	168,259	36,556	193,806	125,416	-	777,795
Charge for the year	9,933	18,637	18,888	3,973	36,016	5,512	-	92,959
Disposals	-	-	(367)	(847)	(39,675)	(931)	-	(41,820)
Balance at 31 December 2015	97,983	184,345	186,780	39,682	190,147	129,997	-	828,934
Carrying amounts								
At 31 December 2014	408,600	207,032	130,116	17,152	99,714	7,754	8,590	878,958
At 31 December 2015	398,667	188,395	163,027	12,709	89,678	4,264	189,586	1,046,326



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(b) Assets pledged as security

No asset of the company was pledged as security for loan as at 31 December 2015 (2014: Nil)

(c) Impairment of property, plant and equipment

There are no indicators of impairment as at year end. Thus, the directors are of the opinion that allowance for impairment is not required. No impairment loss is recognised for the year (2014: Nil).

(d) Capital commitments

Capital expenditure commitments at the year end authorised by the Board of Directors comprise:

<i>In thousands on naira</i>	2015	2014
Approved and contracted	337,166	613,487
Approved but not contracted	202,000	387,568
	539,166	1,001,055

(e) Property, plant and equipment under construction

Expenditure on capital work in progress during the year is analysed as follows:

<i>In thousands on naira</i>	2015	2014
Plant and machinery	189,586	8,589
	189,586	8,589

(f) Assets held on finance lease

The leasehold land is held under finance lease arrangements for a minimum lease term of 99 years. The lease amounts were fully paid at the inception of the lease. 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.

(g) Additions in statement of cash flows

<i>In thousands on naira</i>	2015	2014
Additions (Note 11 (a))	267,590	124,350
Accrued additions to PPE	-	(11,115)
	267,590	113,235

12. Investment property

The movement on these accounts was as follows:

<i>In thousands of naira</i>	2015	2014
Cost		
Balance at 1 January	604,468	604,468
Balance at 31 December	604,468	604,468
Accumulated depreciation		
Balance at 1 January	70,312	45,297
Charge for the year	24,999	25,015
Balance at 31 December	95,311	70,312
Carrying amounts	509,157	534,156

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 Plaza is made up of 50 units 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 (GCS).

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



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

13. Available-for-sale investments

This comprises the following:

<i>In thousands of naira</i>	2015	2014
Equity	148	131
Treasury bills	129,129	88,114
Money market instruments	42,842	63,086
	172,119	151,331

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

Balance at 1 January	151,331	151,740
Disposal of investments	-	(16,259)
Fair value change on investments	20,788	15,850
Balance at 31 December	172,119	151,331

14. Inventories

In thousands of naira

	2015	2014
Raw materials	271,990	225,360
Work-in-progress	9,142	19,821
Finished goods	192,062	298,074
Engineering spares	13,399	12,940
Consumables	5,207	-
	491,800	556,195
Impairment allowance	(32,274)	(32,274)
	459,526	523,921

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 ₦1.53 billion (2014: ₦1.49 billion).

15. Trade and other receivables

(a) *In thousands of naira*

	2015	2014
Trade receivables	264,260	492,984
Staff debtors	10,705	18,266
Accrued income	2,604	1,694
Deposit with company registrar	105,434	79,264
Other receivables	11,343	7,229
Gross trade and other receivables	394,346	599,437
Impairment allowance	(128,286)	(119,388)
	266,060	480,049

The Company's exposure to credit and currency risks related to trade and other receivables is disclosed in Note 27.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

- (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>	2015	2014
Balance at 1 January	119,388	78,391
Impairment loss recognised	8,898	48,735
Amounts recovered during the year	-	(7,738)
Balance at 31 December	128,286	119,388

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

	2015	2014
Movement in trade and other receivables	213,989	(177,562)
WHT credit notes utilised (Note 9(d))	-	(14,619)
Offset of current tax assets against current tax liabilities (Note 9(d))	(44,393)	(5,514)
Net loss on foreign exchange transactions (Note 6)	40,145	-
Changes in trade and other payables per statement of cash flows	209,741	(197,695)

16. Deposit for imports

This represent amounts deposited with banks to fund letters of credit. These letters of credit are meant to finance the importation of an automated production line.

17. Prepayments and advances

<i>In thousands of naira</i>	2015	2014
Prepaid rent	3,788	20,017
Advance payment to suppliers*	683,459	61,930
WHT Recoverable	16,846	25,067
Deposit for clearing charges	63,773	-
Other advances	3,080	18,603
Total	770,946	125,617

*This represent advances made to the suppliers of the automated production line.

18. Cash and cash equivalents

<i>In thousands of naira</i>	2015	2014
Cash on hand	1,657	2,032
Balance with banks	196,633	106,867
Short term deposits with banks	402,451	312,979
Total	600,741	421,878

Included in cash and cash equivalents are short term bank deposits with maturities from thirty (30) days to three (3) months. The carrying amount of this deposit includes the accrued interest as at year end.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

19. Capital and reserves

(a) Ordinary shares as at 31 December

In thousands of naira

	2015	2014
Authorised 800,000,000 ordinary shares of 50k each	400,000	400,000
Issued and fully paid ordinary shares of 50k each		
At 1 January	144,912	144,912
At 31 December	144,912	144,912

(b) Share premium

In thousands of naira

	2015	2014
At 1 January	635,074	635,074
At 31 December	635,074	635,074

(c) Fair value reserve

In thousands of naira

	2015	2014
At 1 January	39,636	30,283
Transferred on disposal of AFS investments	-	(1,742)
Fair value change on AFS investments	20,788	15,850
Related tax on gains on AFS investments (Note 9(b))	(6,236)	(4,755)
At 31 December	54,188	39,636

20. Trade and other payables

In thousands of naira

	2015	2014
(a) Trade payables	218,567	203,394
Customer deposits for paints	76,969	62,196
Accruals	141,814	115,624
Other payables	10,189	20,270
	447,539	401,484

The Company's exposure to liquidity risks related to trade and other payables is disclosed in Note 27.

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

	2015	2014
Movement in trade and other payable	46,055	(33,699)
Retirement benefits payable (Note 26(b))	-	(5,288)
Accrued additions to PPE (Note 11(g))	-	(11,115)
Changes in trade and other payables per statement of cash flows	46,055	(50,102)

21. Deferred income

Deferred income represents advance rent received.



22. Loans and borrowings

	2015	2014
Financing arrangement	89,185	126,032
Short term borrowings	3,767	6,940
	92,952	132,972
Current	3,767	11,481
Non-current	89,185	121,491
	92,952	132,972

(a) Financing arrangement

In March 2012, Berger Paints Nigeria Plc (“the Company”) engaged the services of Gauge Construction Servicing Limited (“the Contractor”) in respect of Abuja property (Land). The services contracted include the construction, development and management of the Berger Paints Plaza as specified in the Memorandum of Understanding (MoU).

The consideration for the development funding and the services provided by the Contractor was 50% of all rents collected in respect of the property for a period of 12 years. The consideration paid was deemed to be the full and final satisfaction of all fees and money due to the contractor in respect of the arrangement.

(b) Short term borrowings

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

23. Dividends

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

	Per share (kobo)	2015 N'000	Per share (kobo)	2014 N'000
Dividend	75	217,368	70	202,876

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

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

	2015 N'000	2014 N'000
Naira per qualifying ordinary shares	217,368	217,368

24. Dividend payable

In thousands of naira

	2015	2014
At 1 January	225,940	198,103
Declared dividend	217,368	202,876
Transferred to retained earnings	-	(6,356)
Payments	(172,740)	(168,683)
At 31 December	270,568	225,940



25. Employee benefits

(a) Defined Contribution Plan

The employees of the Company are members of a state arranged pension scheme (Pension Reform Act, 2014) which is managed by several private sector service providers. The Company is required to contribute 10% of the employee annual insurable earnings (basic, housing and transport allowances) to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of ₦24.9 million (2014: ₦19.8 million) represent contributions to the plan by the company.

Pension payable <i>In thousands of naira</i>	2015	2014
Obligation at 1 January	6,924	258
Charge for the year	24,977	19,805
Payments	(27,458)	(13,139)
Obligation at 31 December	4,443	6,924

(b) Defined Benefit Plan

The Company operates an unfunded defined benefit gratuity scheme for its employees. Under the plans, the employees are entitled to retirement benefits varying between 5 weeks and 10 weeks of final salary on attainment of a retirement age of 50 years and 55 years for females and males respectively.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out in 2015 by HR Nigeria Limited (FRC/NAS/0000000738). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At a board meeting held on 16 December 2015, the directors approved the discontinuance of the gratuity scheme effective 31 December 2015. The decision to discontinue the gratuity scheme has been communicated to the employees. Employees accrued benefits were determined for services rendered up to 31 December 2015 and will be settled in 2016. The reported liability in respect of the gratuity scheme is not an on-going liability but a discontinuance liability. Thus demographic and financial assumptions are not applicable (N/A). Also the reported liability, as determined by the actuary expert, has been recorded as a part of current liabilities in the statement of financial position.

The amount included in the statement of financial position arising from the Company's obligations in respect of the retirement benefit is as follows:

<i>In thousands of naira</i>	2015	2014
Present value of unfunded gratuity obligation	182,140	216,810



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(i) Movement in the present value of the defined benefit obligation

The following table shows a reconciliation from the opening balances to the closing balances for the present value of the defined benefit liability and its components.

<i>In thousands of naira</i>	2015	2014
Balance at 1 January	216,810	205,114
<i>Included in profit or loss</i>		
Service cost	29,739	29,465
Interest on obligation	32,128	28,343
Curtailement gain	(60,180)	0
	1,687	57,808
<i>Included in Other Comprehensive Income</i>		
Actuarial losses/(gains) arising from:		
- change in assumption	-	(19,646)
- change in experience	-	(11,684)
	-	(31,330)
<i>Others</i>		
Benefits paid	(36,357)	(9,494)
Benefits payable	-	(5,288)
	(36,357)	(14,782)
Balance at 31 December	182,140	216,810

(ii) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2015	2014
Discount rate (p.a)	N/A	15%
Expected rate(s) of salary increases (p.a)	N/A	12%
Inflation rate per annum	N/A	9%
Weighted average duration of the plan (years)	N/A	10%

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK. This has been rated down by one year to more accurately reflect mortality in Nigeria.



The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows.

<u>Sample Age</u>	<u>Number of deaths in year of age out of 10,000 lives</u>	
	<u>2015</u>	<u>2014</u>
25	N/A	7
30	N/A	7
35	N/A	9
40	N/A	14
45	N/A	26

<u>Withdrawal from service age band</u>	<u>Rate</u>	
	<u>2015</u>	<u>2014</u>
to 30	N/A	2.5%
31-39	N/A	1.5%
40-45	N/A	1.0%
46-55	N/A	0.0%

(iii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect in thousands of naira</i>	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
31 December 2015		
Discount rate (1% movement)	182,140	182,140
Expected rate(s) of salary increases (1% movement)	182,140	182,140
Future mortality (1% movement)	182,140	182,140
31 December 2014		
Discount rate (1% movement)	236,456	199,569
Expected rate(s) of salary increases (1% movement)	237,883	198,098
Future mortality (1% movement)	216,820	216,802

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



26. Related Parties

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

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation comprised the following:

<i>In thousands of naira</i>	2015	2014
Short-term benefits	207,027	107,226
Post employment benefits	7,240	5,603
Termination benefits	7,111	28,115
	221,378	140,944

(ii) Loans to management staff

There were no unsecured loans advanced to management staff during the year (2014: Nil). At 31 December 2015, the balance outstanding was "nil" (2014: Nil) and is included in Trade and other receivables.

(iii) Key management personnel transactions

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

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

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

<i>In thousands of naira</i>	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
	2015	2014	2015	2014
Transaction				
Supply of raw materials*	209,516	216,412	38,132	29,905
Recruitment services**	6,773	-	-	-
Registrar's fees***	3,400	3,400	-	-

* The Company bought various raw materials from Emychem Nigeria Limited. The Managing Director of the company is Mr. Raj Mangtani, and he is also a non-executive director on the board of Berger Paints Nigeria Plc. Amounts were billed based on normal market rates for such supplies and were due and payable under normal payment terms.

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

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



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(b) Other related party transactions

The Company incorporated a subsidiary in Ghana, Lewis Berger Ghana Limited, on 23 October 2013. As at 31 December 2014, the subsidiary had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

27. Financial instruments – Fair values and risk management

(a) Classification of financial instruments and fair values

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

31 December 2015	Carrying Amount		Fair value		
	Loans and receivables	Available-for-sale	Level 1	Level 2	Level 3
<i>In thousands of naira</i>					
<i>Financial assets measured at fair value</i>					
<i>Available-for-sale Investments</i>					
- Equity	-	148	-	148	-
- Treasury bills	-	129,129	129,129	-	-
- Money market instruments	-	42,842	-	42,842	-
<i>Financial assets not measured at fair value</i>					
Trade and other receivables	249,214	-	-	-	-
Cash and bank balances	600,741	-	-	-	-
	849,955	172,119	129,129	42,990	-
<i>Financial liabilities not measured at fair value</i>					
Loans and borrowings	92,952	-	-	75,581	-
Trade and other payables	354,147	-	-	-	-
Dividend payable	270,568	-	-	-	-
	717,667	-	-	75,581	-
31 December 2014					
<i>Financial assets measured at fair value</i>					
<i>Available-for-sale Investments</i>					
- Equity	-	131	-	131	-
- Treasury bills	-	88,114	88,114	-	-
- Money market instruments	-	63,086	-	63,086	-
<i>Financial assets not measured at fair value</i>					
Trade and other receivables	454,982	-	-	-	-
Cash and bank balances	421,878	-	-	-	-
	876,860	151,331	88,114	63,217	-
<i>Financial liabilities not measured at fair value</i>					
Loans and borrowings	132,972	-	-	126,032	-
Trade and other payables	321,964	-	-	-	-
Dividend payable	225,940	-	-	-	-
	680,876	-	-	126,032	-



(b) 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.

(c) Financial instruments in level 2

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

Specific valuation techniques used to value financial instruments include:

- (i) quoted market prices or dealer quotes for similar instruments;
- (ii) other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity, are used to determine fair value for the remaining financial instruments.

(d) Financial risk management

Overview

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

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

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

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the 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.



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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:

<i>In thousands of naira</i>	2015	2014
Trade and other receivables	249,214	454,982
Cash and bank balances	600,741	421,878
	849,955	876,860

Trade and other receivables

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

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

Concentration of risk

At 31 December 2015, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows;

<i>In thousands of naira</i>	Carrying amount	
	2015	2014
Wholesale customers	106,056	336,638
Retail customers	192,219	57,143
Other	5,388	6,949
	303,663	400,730

At 31 December 2015, the ageing of trade and other receivables that were not impaired was as follows:

<i>In thousands of naira</i>	2015			2014		
	Gross	Impairment	Net	Gross	Impairment	Net
Neither past due nor impaired	92,971	-	92,971	360,256	-	360,256
Past due 1 - 90 days	74,042	-	74,042	28,289	-	28,289
Past due 91 - 180 days	22,866	(14,502)	8,364	23,262	(11,077)	12,185
Over 180 days	113,784	(113,784)	-	108,311	(108,311)	-
	303,663	(128,286)	175,377	520,118	(119,388)	400,730

The company does not hold collateral on these balances. The company believes that the unimpaired amounts that are past due are still collectible in full based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Available-for-sale investments

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

Cash and cash equivalents:

The Company held cash and cash equivalents of ₦601 million at 31 December 2015 (2014: ₦451 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks.

(iii) Liquidity risk

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

The Company uses standard costing to cost its products, which assist it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 December 2015, the expected cash flows from trade and other receivables maturing within two months were ₦149million (2014: ₦315 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 2015		Contractual cash flows					
<i>In thousands of naira</i>	Carrying	Total Amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Loans and borrowings	92,952	190,302	12,247	12,247	20,726	62,178	82,904
Trade and other payables	447,539	447,539	447,539	-	-	-	-
Dividend payable	270,568	270,568	270,568	-	-	-	-
	811,059	908,409	730,354	12,247	20,726	62,178	82,904

31 December 2014		Contractual cash flows					
<i>In thousands of naira</i>	Carrying	Total Amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Loans and borrowings	132,972	137,512	11,481	5,358	13,783	31,450	75,440
Trade and other payables	401,484	401,484	401,484	-	-	-	-
Dividend payable	225,940	225,940	225,940	-	-	-	-
	760,396	764,936	638,905	5,358	13,783	31,450	75,440

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

(iv) Market risk

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

1. Currency risk

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



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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:

	2015			2014		
	US\$	€	GBP	US\$	€	GBP
Cash and cash equivalents	504,265	1,007	231	26,047	2,830	260

The following significant exchange rates were applied;

	Average rate during the year		Year end spot rate	
	2015	2014	2015	2014
<i>Naira</i>				
US\$ 1	192.64	156.45	198.00	167.00
€ 1	213.76	207.83	214.11	203.55
GBP 1	294.71	257.76	291.19	261.47

Sensitivity analysis

A reasonably possible strengthening (weakening) of the naira against all other currencies at 31 December 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 rates, remain constant and ignores any impact of forecast sales and purchases.

<i>In thousands of Naira</i>	Profit or loss	
	Strengthening	Weakening
31 December 2015		
US\$ (3% movement)	2,995	(2,995)
€ (3% movement)	6	(6)
GBP (3% movement)	-	-
31 December 2014		
US\$ (3% movement)	130	(130)
€ (3% movement)	17	(17)
GBP (3% movement)	2	(2)

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	Nominal amount	
	2015	2014
<i>In thousands of naira</i>		
Financial assets:		
Available-for-sale Investments - fixed income	42,842	63,086
Financial liabilities:		
Financial arrangement	(89,185)	(126,032)
Short term borrowings	(3,767)	(6,940)
	(50,110)	(69,886)



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.

A change of 100 basis points in interest rates would have increased or decreased equity by ₦892 thousand after tax (2014: ₦1.2 million).

Cash flow sensitivity analysis for variable rate instruments

The Company does not have any variable rate financial assets and liabilities as at the end of the year (2014: Nil).

(v) Operational risk

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

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

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

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

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

(e) 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 interest-bearing 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 was as follows.

<i>In thousands of naira</i>	2015	2014
Total liabilities	1,308,540	1,180,315
Less: Cash and Cash equivalents	(600,741)	(421,878)
Adjusted net debt	707,799	758,437
Total Equity	2,587,330	2,459,830
Net debt to equity ratio	0.27	0.31



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

28. Operating leases

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

(a) Future minimum lease payments

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

<i>In thousands of naira</i>	2015	2014
Less than one year	34,608	62,320
Between one and five years	45,057	67,513
	79,665	129,833

(b) Amounts recognised in profit or loss

During 2014, investment property rentals of ₦67 million (2014: ₦64 million) were included in 'revenue' (see Note 4). Depreciation charges on the investment property was included in 'cost of sales' (see Note 7 and 12).

29. Contingencies

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and other possible claims amounted to ₦501 million as at 31 December 2015 (2014: ₦506 million). In the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

30. Subsequent events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 31 December 2015 that have not been adequately provided for or disclosed in the financial statements.

31. Operating segments

(a) Basis of segmentation

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

(b) Information about reportable segments
In thousands of naira

	Paints and allied product	Contract revenue	Investment property rental income	Unallocated	Total
2015					
External revenues	2,628,692	327,822	65,750	-	3,022,264
Finance income	-	-	57,404	86,600	144,004
Finance costs	-	-	(17,165)	(32,347)	(49,512)
Depreciation	-	-	(24,999)	(92,959)	(117,958)
Impairment loss	(8,898)	-	-	-	(8,898)
Reportable segment profit (loss) before income tax	286,146	236,782	80,990	-	603,918

	Paints and allied product	Contract revenue	Investment property rental income	Unallocated	Total
2014					
External revenues	2,815,421	203,371	64,138	-	3,082,930
Finance income	-	-	-	61,774	61,774
Finance costs	-	-	(50,122)	(28,611)	(78,733)
Depreciation	-	-	(25,015)	(101,579)	(126,594)
Impairment loss	(48,735)	-	-	-	(48,735)
Reportable segment profit before income tax	265,015	63,658	(10,999)	-	317,674

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

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

Revenues

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

Profit or loss

In thousands of naira

	2015	2014
Total profit or loss for reportable segments	603,918	317,674
Unallocated finance income	86,600	61,774
Unallocated depreciation	(92,959)	(101,579)
Unallocated finance costs	(32,347)	(28,611)
Profit before taxation	565,212	249,258

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.



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Other National Disclosures VALUE ADDED STATEMENT

For the year ended 31 December

In thousands of naira

	2015	%	2014	%
Sales	3,022,264		3,082,930	
Other income	95,065		79,021	
	3,117,329		3,161,951	
Bought in materials and services				
- Imported	-		699,448	
- Local	1,758,388		1,521,044	
Value added	1,358,941	100	941,459	100
Distribution of value added				
To Employees:				
Employee benefit expenses	626,259	46	486,874	52
To Providers of Finance:				
Interest on loans and bank overdrafts	49,512	4	78,733	8
To Government:				
Income tax	190,963	14	111,511	12
Retained in the business as:				
Depreciation	117,958	9	126,594	13
Deferred tax	43,933	3	(11,061)	(1)
To augment reserve	330,316	24	148,808	16
	1,358,941	100	941,459	100

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



Other National Disclosures FIVE-YEAR FINANCIAL SUMMARY

In thousands of naira

	2015	2014	2013	2012	2011
Funds employed					
Share capital	144,912	144,912	144,912	108,684	108,684
Share premium	635,074	635,074	635,074	160,201	160,201
Fair value reserve	54,188	39,636	30,283	18,903	2,027
Treasury shares	-	-	-	0	22,376
Retained earnings	1,753,156	1,640,208	1,665,988	1,467,657	1,433,865
Shareholder's fund	2,587,330	2,459,830	2,476,257	1,755,445	1,727,153
Current liabilities	1,143,703	816,531	798,623	922,893	737,820
Long term liabilities	164,837	363,784	352,718	251,500	207,764
Non-controlling interests in a discontinued operation	-	-	-	-	2,298
	3,895,870	3,640,145	3,627,598	2,929,838	2,675,035
Assets employed					
Non current assets	1,727,602	1,564,445	1,587,220	1,343,441	1,216,797
Current assets	2,168,268	2,075,700	2,040,378	1,586,397	1,458,238
	3,895,870	3,640,145	3,627,598	2,929,838	2,675,035

In thousands of naira

	2015	2014	2013	2012	2011
Revenue	3,022,264	3,082,930	2,710,986	2,513,664	2,574,359
Profit before income tax	565,212	249,258	342,767	284,465	369,325
Profit for the year	330,316	148,808	257,580	192,009	227,816
Other comprehensive income, net of tax	14,552	33,026	66,605	12,834	(3,769)
Declared dividend*	217,368	202,876	152,157	152,157	152,157
Per 50k share data:					
Basic and diluted earnings per share (kobo)	114	51	89	83	105
Declared dividend per share (kobo)	75	70	52	70	70
Net assets per share (kobo)	9	8	9	8	8

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

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.



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 31 December, 2015.

S/N	A/C NO	NAME	ADDRESS	HOLDING	%
1.	16804	Harmony Trust & Inv Co. Ltd.	125 Igboere Rd P.O. Box 56346 Falomo Lagos State Lagos	14,503,841	5
2.	46141	Mikeade Investments Co. Ltd.	124 Norman Williams Street, Ikoyi Lagos Lagos	19,235,473	6.64
3.	11623	CAB (Overseas Holdings) Limited	P.O. Box 203, 29/31 Athole Street, Douglas, Isle Of Man	32,631,012	11.26
4.		Other Individuals & Institutions	Various	223,453,121	77.1
				289,823,447	100

2. Active Shareholding Analysis as at 31 December, 2015

Range	No. of Holders	Holders %	Holders Cum.	Units	Unit %	Units Cum.
1 - 1,000	14,693	41.02%	14,693	7,014,884	2.42%	7,014,884
1,001 - 5,000	16,793	46.88%	31,486	32,379,767	11.17%	39,394,651
5,001 - 10,000	2,276	6.35%	33,762	16,031,026	5.53%	55,425,677
10,001 - 50,000	1,650	4.61%	35,412	32,593,723	11.25%	88,019,400
50,001 - 100,000	195	0.54%	35,607	13,980,872	4.82%	102,000,272
100,001 - 500,000	157	0.44%	35,764	31,948,000	11.02%	133,948,272
500,001 - 1,000,000	28	0.08%	35,792	19,339,672	6.67%	153,287,944
1,000,001 - 5,000,000	19	0.05%	35,811	40,634,449	14.02%	193,922,393
5,000,001 - 10,000,000	3	0.01%	35,814	19,388,924	6.69%	213,311,317
10,000,001 - ABOVE	4	0.01%	35,818	76,512,130	26.40%	289,823,447
Grand Total		35,818	100.00%	289,823,447	100.00%	

UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Members are hereby informed that Berger Paints Nigeria Plc declared the dividends as stated below between 2003 and 2015. 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 also save the Company the cost of printing and posting dividend warrants.



SHAREHOLDERS' INFORMATION

(Cont'd)

For more information please contact:

Meristem Registrars Limited,

213, Herbert Macaulay Way,

Adekunle Yaba, Lagos.

P. O. Box 51585, Ikoyi, Lagos.

Phone: 01-2809250-3

Email: info@meristemregistrars.com | Website: www.meristemregistrars.com

SCHEDULE OF UNCLAIMED DIVIDEND

Div. No	Type	Date Declared	Payment Date	Dividend Per Share	Dividend Type	Amount Declared ₦	Unclaimed Dividend ₦
33	Final	16/06/2009	17/06/2009	30K	Final	65,210,275.50	9,844,486.34
34	Final	08/06/2010	09/06/2010	50K	Final	108,683,792.50	19,298,623.19
35	Final	30/06/2011	04/07/2011	70K	Final	152,157,309.50	47,391,197.29
36	Final	03/07/2012	04/07/2012	70K	Final	152,157,309.50	31,453,164.96
37	Final	14/05/2013	21/05/2013	70K	Final	152,157,309.50	51,144,408.37
38	Final	22/07/2014	22/07/2014	70K	Final	202,876,412.90	38,769,318.63
39	Final	21/07/2015	23/07/2015	75K	Final	217,367,585.25	53,777,213.83

SHAREHOLDERS' INFORMATION

The share capitalization history of the Company is as shown below. As at 31 December, 2015 our authorized share capital is ₦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	Value (₦)	Shares	Value (₦)	Share	Consideration
09/01/1959	500,000	500,000	*****	*****	Initial share capital
27/04/1961	500,000	500,000	50,000	50,000	Goodwill
10/02/1962	500,000	500,000	437,514	427,514	Cash
27/06/1972	1,600,000	3,200,000	427,514	875,028	Increase in authorised share capital
01/08/1972	1,600,000	3,200,000	531,514	1,063,028	Asset purchased
21/12/1972	1,600,000	3,200,000	863,704	1,727,408	Bonus (2:3)
25/05/1976	6,000,000	12,000,000	863,704	1,727,408	Increase in authorised share capital
27/05/1980	7,200,000	14,400,000	7,200,000	14,400,000	Bonus (1:2)
12/06/1986	10,800,000	21,600,000	10,800,000	21,600,000	Bonus (1:2)
30/05/1989	16,200,000	32,400,000	16,200,000	32,400,000	Bonus (1:2)
29/05/1990	21,600,000	43,200,000	21,600,000	43,200,000	Cash
27/05/1992	58,200,000	116,400,000	36,600,000	73,200,000	Cash
07/05/1995	76,500,000	153,000,000	54,900,000	109,800,000	Bonus (1:2)
01/06/1999	109,800,000	219,600,000	94,382,467	188,764,934	Rights Issue (1:3)
01/06/1999	109,800,000	219,600,000	94,382,467	188,764,934	Public Offer
05/06/2001	109,800,000	219,600,000	108,683,793	217,367,585	Bonus (1:7)
01/06/2004	160,000,000	320,000,000	108,683,793	217,367,585	Increase in authorised share capital
08/07/2008	400,000,000	800,000,000	108,683,793	217,367,585	Increase in authorised share capital
18/11/2013	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 account 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, 213, Herbert Macaulay Way, Adekunle Yaba, Lagos.

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



CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

BERGER



...enhancing beauty and protection



L-R: Remi Bello, President, LCCI; Peter Folikwe, MD, Berger Paints Nig. Plc; Muda Yusuf, DG, LCCI; Bayo Olugbemi, Deputy Treasurer, LCCI; Sola Balogun, Corporate Affairs Mgr, Berger Paints, during the Courtesy visit of Berger Paints' team to LCCI, Lagos.



Presentation of a trophy by Mr. Oscar Onyema, DG NSE to Mr. Peter Folikwe, MD, Berger Paints Nigeria Plc at the courtesy visit of the Company to the Nigerian Stock Exchange.



Students of Babcock University, Ogun State during their Academic visit to Berger Paints in February.



Send forth dinner for Mr. Tor Nygard, Former MD, Berger Paints Nigeria Plc after his meritorious service to the company.



Ring of the Closing Bell at the NSE - Granting the Berger Paints MD the privilege to ring the closing bell during the courtesy visit to the NSE.

CORPORATE SOCIAL RESPONSIBILITY
ACTIVITIES
(Cont'd)



Courtesy Visit by President of the National Institute of Marketing of Nigeria (NIMN) – Mr. Ganiyu A. Koledoye and his executives – to Berger Paints Nigeria Plc.



Business Partners and Company Staff at the Berger Paints Nigeria Plc. Outsourced Business Partners' Forum.



Business Partners during the tour of the new and old factory.



Peter Folikwe, MD Berger Paints Nig. Plc; Rasheed Olaoluwa, Former MD, Bank of Industry; Margaret Kudi Ladipo, Rector Yaba Tech; Waheed Olagunju, Ag. MD, Bank of Industry; Akbuemonkhan I.A., Deputy Rector (Academics) during 2015 Yaba College of Technology Research Fair.



Safety! Everyone's responsibility - Berger Paints staff during the 2015 Health and Safety Week.



Student of Ezekiel International College during their Academic Visit to the Company.

**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 Limited
213, Herbert Macaulay Way
Adekunle-Yaba
Lagos State

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to melus 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
<input type="text"/>	<input type="text"/>	<input type="text"/>

Address:

City <input type="text"/>	State <input type="text"/>	Country <input type="text"/>
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Previous Address (If address has changed)

CHN <input type="text"/>	CSCS A/c No <input type="text"/>
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Name of Stockbroker

Mobile Telephone 1 <input type="text"/>	Mobile Telephone 2 <input type="text"/>
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Email Address

Signature(s)

Joint/Company's Signatories

Company Seal (If applicable)

TICK	NAME OF COMPANY	SHARE A/C NO
	AFRINVEST EQUITY FUND	
	AIRLINE SERVICES & LOGISTICS PLC	
	BERGER PAINTS NIG PLC	
	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	
	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	
	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	
	THE BGL NUBIAN FUND	
	THE BGL SAPPHIRE FUND	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	VONO PRODUCTS 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

Authorized signature & stamp of Bankers

Mail to:

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

BERGER

PROXY FORM

56th Annual General Meeting of Berger Paints

Nigeria Plc to be held at NECA Hall, Plot A2
Hakeem Balogun Street, Alausa, Ikeja, Lagos on
Thursday, June 9, 2016 at 11:00 a.m.

I/We _____
Being a member/members of Berger Paints Nigeria Plc
hereby appoint _____

or failing him the Chairman of the Meeting as my/our
proxy to vote for me/us on my/our behalf at the
Annual General Meeting of the Company to be held
on Thursday June 9, 2016 at 11:00 a.m.

Dated this _____ day of _____ 2016

Signature: _____

*A member (shareholder) who is unable to attend the
Annual General Meeting is allowed by law to vote on
a poll by proxy. This form has been prepared to
enable you exercise your right to vote, in case you
cannot personally attend the meeting.*

*Following the normal practice, the Chairman of the
meeting has been entered on the form to ensure that
someone will be at the meeting to act as your proxy.
But if you wish, you may insert in the blank space,
the name of any person, whether a member of the
Company or not, who will attend the meeting and
vote on your behalf instead of the Chairman.*

*Please sign the form and post it to reach the
Company's Registrars note less than 48 hours before
the time of the meeting. If executed by a corporation,
the proxy form should be sealed with the Common
Seal. In the case of joint holders, the signature of
either of them will suffice, but the names of all joint
holders should be stated.*

Resolution	For	Against
1. To declare a dividend.		
2. To re-elect the following directors:		
● Chief Musa Danjuma		
● Mr. Oluwole Abegunde		
● Mr. Adekunle Olowokande		
3. To elect shareholders' representatives to the Audit Committee.		
A.		
B.		
C.		
4. To authorize the directors to fix the remuneration of the external Auditors.		
5. To approve the remuneration of the Directors.		
6. To grant the Company a General Mandate.		

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

Mail to:

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

ADMISSION FORM

Please tear off this part and retain for admission to the meeting

ADMISSION FORM



BERGER PAINTS NIGERIA PLC (RC 1837)

56TH ANNUAL GENERAL MEETING
TO BE HELD ON THURSDAY JUNE 9, 2016
LAGOS AT 11.00 A.M.

Please admit _____
to the Annual General Meeting of BERGER PAINTS NIGERIA PLC, which will be held at NECA Hall, Plot A2
Hakeem Balogun Street, Alausa, Ikeja, Lagos on Thursday June 9, 2016 at 11:00 a.m.

Signature of person attending the meeting _____

IMPORTANT

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

For the registrar's use only

No. of shares held	
--------------------	--

A handwritten signature in blue ink, appearing to read "Oluseun Oluwole".

Oluseun Oluwole
Company Secretary

Mail to:

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

Notes

Lined area for notes, consisting of alternating light blue and light green horizontal bands.



Notes

Handwriting practice area with alternating light blue and light green horizontal lines.



WASHABLE EMULSION PAINT

CLINSTAY

- WASHABLE, ALLOWS FOR LIGHT SCRUBBING
- HIGH SHEEN FINISH
- SUITABLE FOR HIGH TRAFFIC AREAS
- BEST FOR INTERIOR APPLICATION



...enduring beauty and protection

RC:1837

BERGER PAINTS NIGERIA PLC

102, Oba Akran Avenue, Ikeja Industrial Estate, Lagos

Institutional Sales & Projects: 08102164562, Dealers Enquiries: 0810 216 4848,

Marketing: 08141374153 Customer Care: 070BERGERPAINTS or 08102164816



Available Nationwide in 22 Outlets		Calabar	08102164866	Kano	08102164852	Onitsha	08102164838
Aba	08102164868	Enugu	08102164862	Lagos-Ikeja	08102164816	Port-Harcourt	08102164859
Abuja	08102164869	Ibadan	08102164846	Lagos - Mushin	09037798474	Sokoto	08102164854
Asaba:	08140384395	Ilorin	08102164848	Lagos-Lekki	08141374156	Sango-Ota	08056028203
Akure	08102164870	Jos	08102164864	Lagos-Yaba	08102164806	Warri	08102164842
Benin	08102164840	Kaduna	07033061176	Maiduguri	08102164858		



BERGER PAINTS NIGERIA PLC RC:1837

102, Oba Akran Avenue, Ikeja Industrial Estate, Lagos

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