BERGER

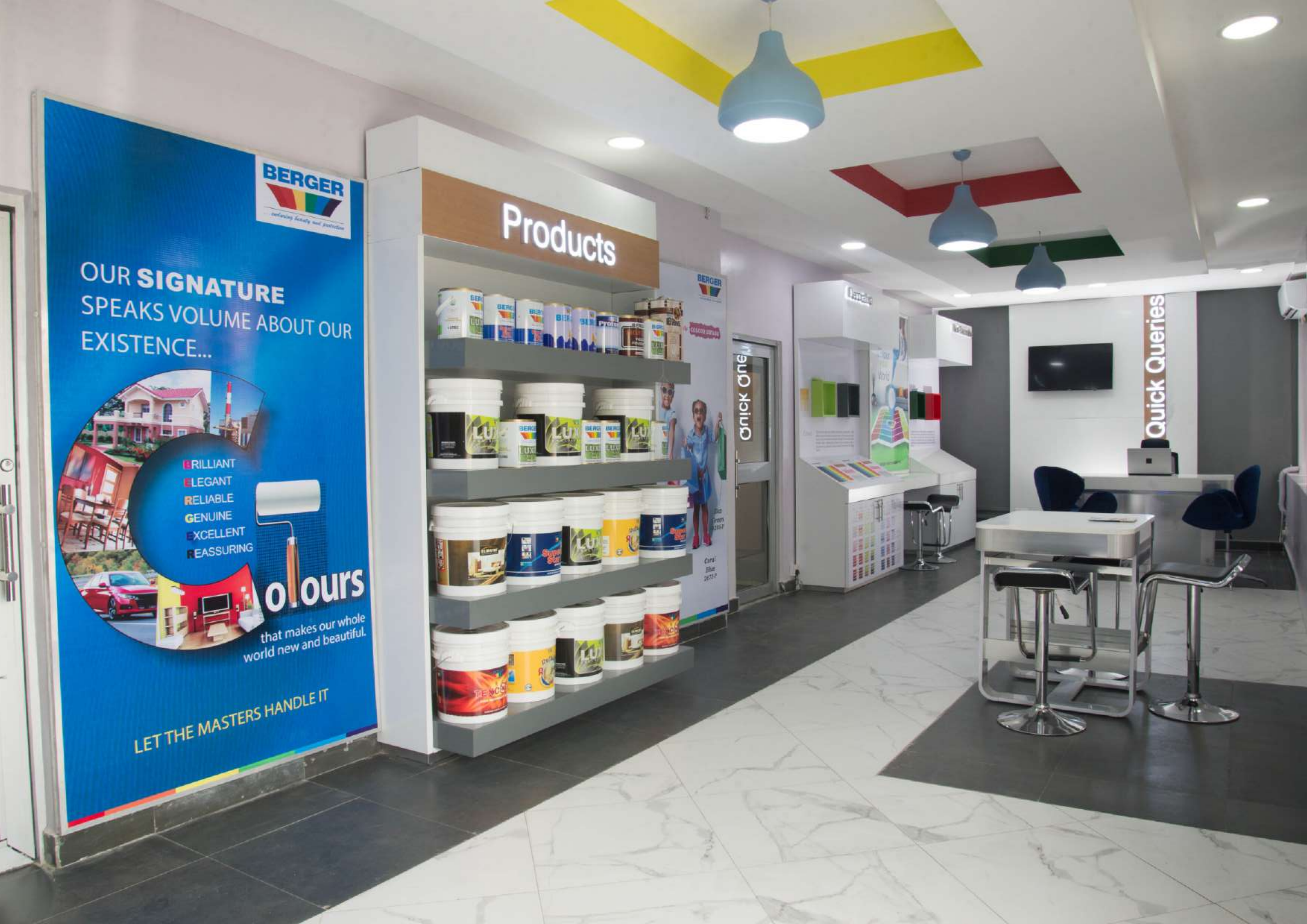
...enduring beauty and protection

2018

ANNUAL REPORT & ACCOUNTS

TRANSFORMING
FOR EXCELLENCE

BERGER
60th
ANNIVERSARY


BERGER
OUR SIGNATURE
SPEAKS VOLUME ABOUT OUR
EXISTENCE...
BRILLIANT
ELEGANT
RELIABLE
GENUINE
EXCELLENT
REASSURING
Colours
that makes our whole
world new and beautiful.
LET THE MASTERS HANDLE IT
Products
Quick Queries

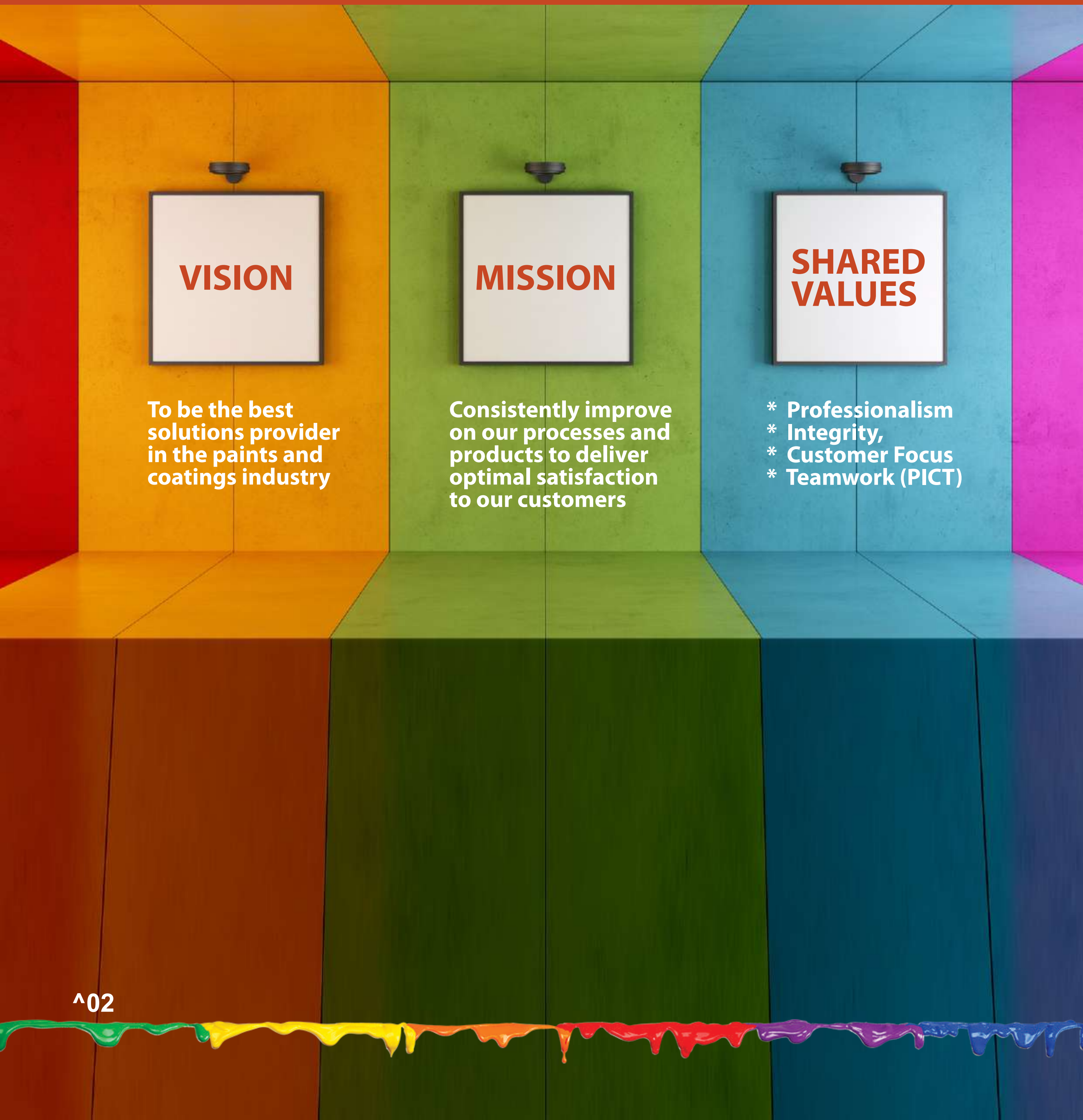
BERGER

...enduring beauty and protection

TRANSFORMING FOR EXCELLENCE

CONTENT

CORPORATE POLICY STATEMENT



VISION

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

MISSION

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

SHARED VALUES

* Professionalism
* Integrity,
* Customer Focus
* Teamwork (PICT)

DIRECTORS AND PROFESSIONAL ADVISERS, ETC.

Board of Directors:	Mr Abi Ayida	- Chairman (Appointed wef June 8, 2018)
	Dr Oladimeji Alo	- Chairman (Retired wef June 7, 2018)
	Chief Musa Danjuma	- Non-Executive Director
	Mr Nelson Nweke	- Independent, Non-Executive Director
	Mr Raj Mangtani (Indian)	- Non-Executive Director
	Mr Adekunle Olowokande	- Non-Executive Director
	Engr Patrick Buruche	- Non-Executive Director
	Mr Sanjay Datwani (British)	- Non-Executive Director
	Mr Oluwole Abegunde	- Non-Executive Director (Resigned wef October 22, 2018)
	Mr Peter Folikwe	- Managing Director (Retired wef January 6, 2019)
	*Mrs Modupe Oguntade	- Acting Managing Director (Appointed wef January 7, 2019)
	*Mr Anjan Sircar	- Managing Director (Appointed wef April 30, 2019)

Company Secretary/Legal Adviser

Mr Ayokunle Ayoko

Registered Office:

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

Contact Details

Telephone: +234-9062496104, +234-9062496106, +234 810 216 4585-6,
0700BERGERPAINTS [0700 237437724687]
Email: customercare@bergerpaintnig.com

Social Media Accounts

Website: www.bergerpaintsnig.com
Facebook: Bergerpaintsng
LinkedIn: www.linkedin.com/company/berger-paints-nigeria-plc
Twitter: BergerPaintsng.
Instagram: Bergerpaintsng

NSE Trading Information

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

Registration Number:

CAC RC: 1837
FRC: FRC/2012/0000000000295

Registrars:

Meristem Registrars Limited
213, Herbert Macaulay Way, Yaba, Lagos.
P.O. Box 51585, Ikoyi, Lagos
01-2809250-3 || info@meristemregistrars.com
www.meristemregistrars.com

External Auditors:

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street, Victoria Island, Lagos
Tel: +234 (01) 269 4660-4
https://home.kpmg.com/ng/en/home.html

Major Bankers:

Polaris Bank Ltd.
Guaranty Trust Bank Plc.
Access Bank Plc.
First City Monument Bank (FCMB) Ltd.
Heritage Bank Ltd.
Fidelity Bank Plc.
Diamond Bank Plc.
First Bank Of Nigeria Ltd.
Zenith Bank Plc.
United Bank For Africa Plc.
Ecobank Nigeria Plc.
Keystone Bank Ltd.
Wema Bank

*Subsequent to the authorisation of the financial statements by the Board of Directors on March 19, 2019, Mr Anjan Sircar was appointed as the Managing Director

FINANCIAL HIGHLIGHTS

For the year ended December 31 2018

In thousands of naira

	2018	2017	%
Revenue	3,377,223	3,012,648	12
Gross profit	1,480,361	1,171,984	26
Operating profit	442,299	339,524	30
Profit before taxation	454,328	339,456	34
Profit for the year	320,509	246,276	30
Share capital	144,912	144,912	-
Total equity	2,813,052	2,641,145	7
Data per 50k share			
Basic earnings per share (kobo)	111	85	30
Declared dividend*	50	50	-
Net assets per share (kobo)	9.71	9.11	7
Market price per share as at 31 December	8.60	8	8
Market capitalization as at 31 December	2,492,482	2,318,592	7
Dividend per 50k share in respect of current year results only			
Dividend proposed (kobo)**	65	50	30

*The dividend declared represents dividend proposed for the preceeding year but declared during the current year.

**The Directors propose a dividend of 65 kobo (2017: 50 kobo) per share on issued share capital of 289,823,447 (2017: 289,823,447) ordinary shares of 50 kobo each, subject to approval by the shareholders at the Annual General Meeting.

CORPORATE PROFILE

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

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

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

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

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

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

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

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

Our Products

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

- Decorative/Architectural Finishes;
- Marine & Protective Coatings

- Automotive/Vehicle Refinishes;
- Industrial Coatings; and
- Wood Finishes and Preservers.

Decorative Paints

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

Industrial Coatings

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

Marine and Protection

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

Automotive/Vehicle Refinishes

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

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

Wood Preservers and Finishes

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

A Future Assured

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

- Berger Colour World: As a means of moving closer to the door steps of our consumers to deliver excellent customers services, Berger Colour world is opened in strategic locations across the country. Berger Colour world offers endless colour possibilities where customers can dream their choice of colours and have them produced instantly.

CORPORATE PROFILE (CONT'D)

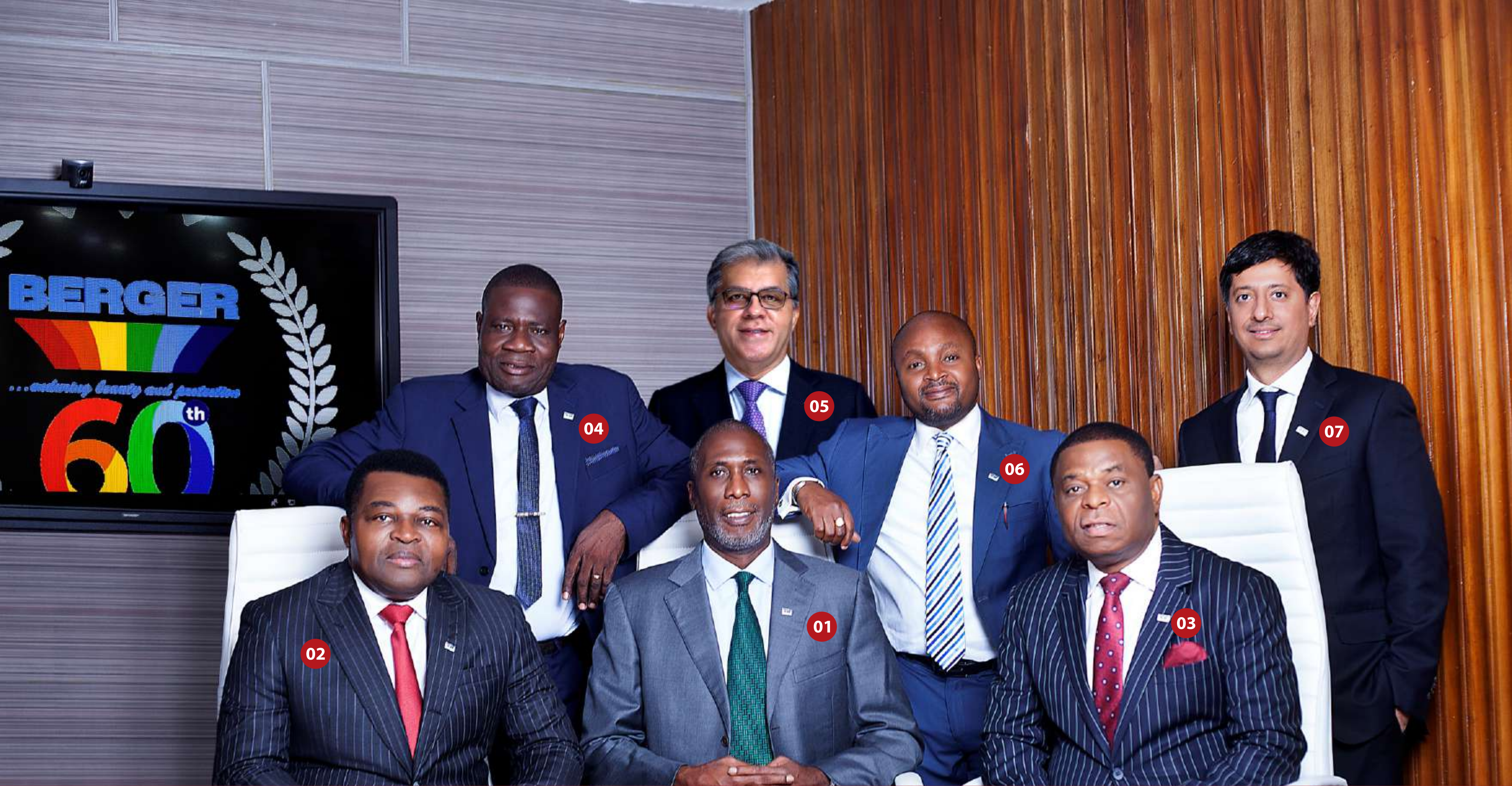
- Technical Collaborations: Along the line of technical update and innovation drive, Berger Paints Nigeria Plc. continues to collaborate with experienced technical partners and world leaders in paint and coatings solutions.
- Environmental friendly products: Berger Paints continues to embark on research and development activities that would facilitate introduction of environment friendly products which help in preserving the earth.

Quality Assurance

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

Marketing and Distribution

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



BOARD OF DIRECTORS:

1. MR. ABI AYIDA
Chairman

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

2. CHIEF MUSA DANJUMA
Non-Executive Director

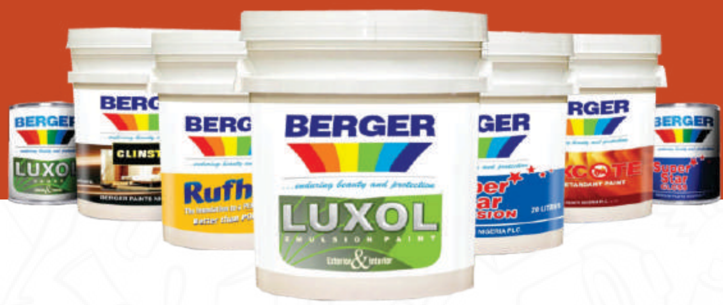
6. MR. ADEKUNLE OLOWOKANDE
Non-Executive Director

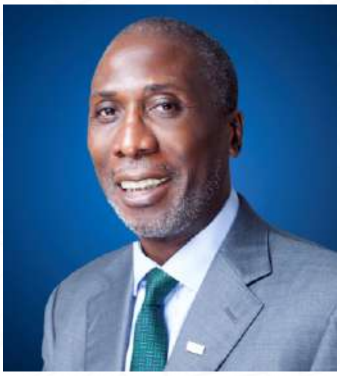
3. MR. NELSON NWEKE
Independent, Non-Executive Director

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

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

DIRECTORS' PROFILE





Mr. Abi Ayida Chairman

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

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

Chief Musa Danjuma Non-Executive Director

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

He is currently the Executive Chairman, NAL/COMET Shipping Group which includes Five Star Logistics Limited, Comet Shipping Agencies Nigeria Limited, Best Trade Nigeria Limited, Nigeria America Line Limited and a pioneer of the Chief Executive Programme at Lagos Business School.

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

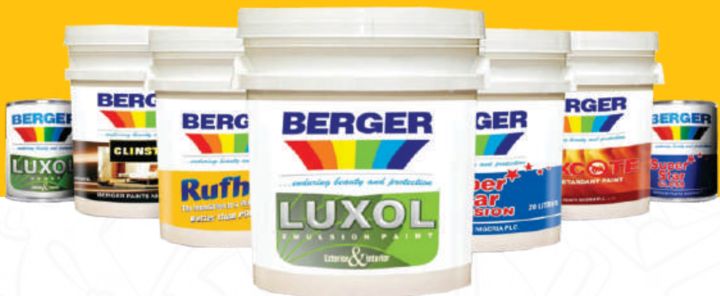
Mr Nelson Nweke Independent Non-Executive Director

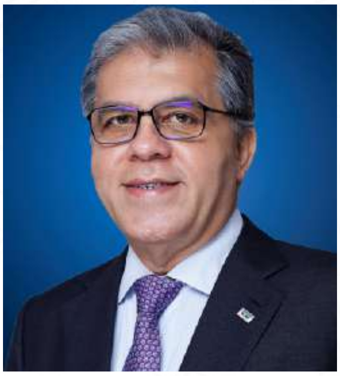
Mr. Nweke holds a bachelor's degree in Political Science (1979) and a Masters' degree in Industrial Relations (1983) from the University of Ibadan. He made a career in banking, having worked in First City Monument Bank and Intercontinental Bank Plc. (now Access Bank Plc) where he retired as an Executive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

He is a non-Executive Director of Premium Pensions Ltd and a Board Member of Anambra State Investment Promotion and Protection Agency. He is currently the Managing Director of Neilville Nigeria Limited. Mr. Nweke is an Honorary Member of Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of Chartered Institute of Stock Brokers of Nigeria.

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

DIRECTORS' PROFILE (CONT'D)





Mr Raj Mangtani Non-Executive Director

Mr. Mangtani is an astute businessman and holds a Bachelor's degree in Commerce from University of Bombay. He is a member of the Nigeria Institute of Management and Indian Professionals' Association of Nigeria.
Mr. Mangtani is the Managing Director of Emychem Limited, a leading chemical marketing company. He also serves on the board of such notable manufacturing companies as Metcem Limited and Zaika Foods Ingredient Limited as a non-executive director.

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

Mr Kunle Olowokande Non-Executive Director

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

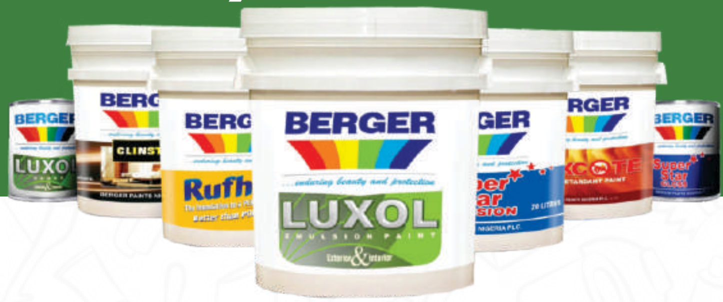
He was appointed as a Non-Executive Director on 16th October, 2014.

Engr. Patrick Buruche Non-Executive Director

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

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

DIRECTORS' PROFILE (CONT'D)



Mr Sanjay Datwani Non-Executive Director

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

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

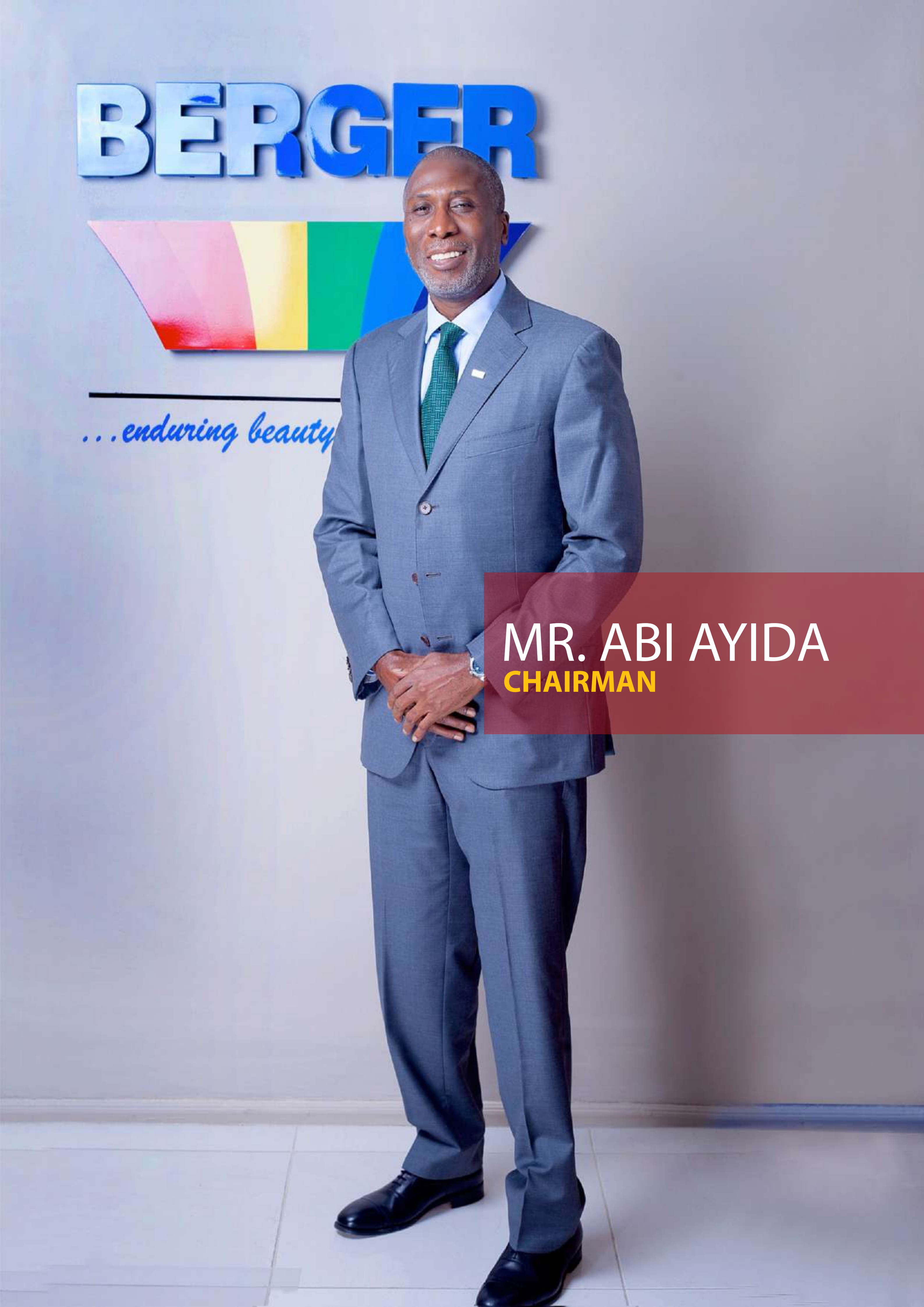
Mr Anjan Sircar Managing Director

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

Anjan started his career in 1980 and worked in various adhesive manufacturing units in India till 1990 before joining Jenson Nicholson India Ltd and later, Kathmandu (Nepal) as its Sales & Production Head. In 1992, he was appointed as Branch Head of INCOWAX Ltd., India where he oversaw its Haryana Branch and Production unit. In 1999 he was appointed as the Country Director& Head of Berger Paints (Nepal) Ltd. (Subsidy of Berger Paints India Ltd). In 2009, Anjan took up responsibilities of Asian Paints Bangladesh Ltd., as the Head of Sales & Marketing and Operation.

In 2014, he was promoted as Director and General Manager, International Business Unit, with Asian Paints India Ltd and was deputed in Ethiopia as Country Director of Kadisco Asianpaints (Subsidy of Asian Paints India Ltd), a Joint venture.

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



MR. ABI AYIDA
CHAIRMAN

CHAIRMAN'S STATEMENT

Dear distinguished shareholders, representatives of regulatory agencies present, fellow directors, Esteemed Ladies and Gentlemen.

I am delighted to welcome you to the 59th Annual General Meeting (AGM) of our great Company, Berger Paints Nigeria Plc., holding today, 23rd day of May 2019, at Sheraton Lagos Hotel, Ikeja.

I feel privileged to present to you, the report of our stewardship for the 2018 financial year. In addition, the resolutions to be considered at the meeting with their rationale will be provided in the AGM Information Pack section of this report.

Building a foundation for the next 60 years

As you are aware, I assumed office with your kind approval at our last AGM. I would like to take this opportunity to thank you all for the vote of confidence in ratifying my appointment. My prior years of service on the Board afforded me a unique perspective of extensive industry and company knowledge, which I hope you will agree is being put to good use.

Prior to my assumption of office, it was becoming quite clear that our Company had not been performing to its full potential in recent years. BPN was in a comfort zone afforded by it's long storied history and the considerable goodwill built up over the last 60 years. However, as the saying goes, 'numbers don't lie' and our recent history of results affirmed that this assessment was unfortunately factual. It became self-evident that positive disruption was required and the foundation for that process was honest self-assessment.

> *"Prior to my assumption of office, it was becoming quite clear that our Company had not been performing to its full potential in recent years. BPN was in a comfort zone afforded by its long storied history and the considerable goodwill built up over the last 60 years... It became self-evident that positive disruption was required and the foundation for that process was honest self-assessment."*

From day one of my tenure with Board support, I conducted a series of town hall meetings with the various units of our company. This afforded me the opportunity to meet with every employee and our business partners and to engage in active listening sessions. This enabled me to gain deep insight and understanding of their candid views of where we were as a company and where they felt we should or ought to be. I solicited views on how this required journey could be made, and attained unvarnished narrative of what we as employees, partners, stakeholders and leaders were doing well and what not so well. The outcome of these valuable sessions after Board review and consideration, confirmed that there was significant headroom for improvement in our people, processes and organisational structures.

The Board resolved to immediately introduce a series of transformative initiatives. These initiatives were designed to encourage our valued employees to unify their efforts, harness their talents and insights to generate the inspiration and enthusiasm required for value creation. Their deliverables would be enabled by us providing the leadership facilitation and support required.

Transformation Initiatives

The Board approved the engagement of independent professional subject-matter experts to aid the transformation initiatives in our structure, people, processes and digital operations (platform) that would build in efficiencies and have a positive impact on our company and return-on-equity (ROE). We believe this internal transformation will optimise the investment in our new factory and increase return on investment (ROI).

Strategy

We reviewed and re-defined our Corporate Strategy with the objective of developing a true value creation framework. The key

anchors were: a clear and integrated customer focused global strategy, an innovative business model, organisation restructuring for resilience, sustainability and perpetuity, and finally retooled human capital and talent management.
Our new strategy has now defined a compelling unique value proposition that we are deploying for competitive advantage in the market. Our overall vision and strategic objective is clear, better understood by all and is being consistently cascaded down to all levels. We are now relentlessly driving and motivating every employee to create a sense of urgency and respond with speed and agility to meet our ever changing environmental and customer needs.

Operating Model

We de-constructed and improved our entire operating model. All business processes were reviewed, updated, and re-designed to be digital enabled business platforms. Our new processes are better customer focused and based on execution driven models with strong performance management characteristics and data driven decision making. An Information Management System (IMS) is being implemented to support processes, operations, intelligence, and Information Technology. The main purpose of our IMS is to provide the right information to the right people at the right time.

We are achieving our objective of lean and high performing processes that drive down cost and increase efficiency.

Human Capital

Human capital & talent imperatives necessitated realignment of our organizational structure. Our structure did not support the agility and innovation necessary for a 21st century organisation.

We revised our structure and HR grading system which was out-dated and stifled career progression and succession planning. We created the Chief Operating Officer position to drive our operational and technical elements, enabling our CEO to revert to a more strategic, business development and market impact function. We elevated our Information technology function to a key position to drive execution of our strategic intent and the Human Capital function is now a highly strategic role focused on talent management and performance.

The services of Messrs PwC were engaged to design a more efficient Performance Management framework utilising the Balanced Scorecard system with key performance indicators (KPIs) for every employee aligned to our strategic objectives. The Performance Management system is designed to improve organizational performance, employee retention and loyalty, productivity, overcoming the barriers to communication, clear accountabilities, and cost advantages. The system also saves time and reduces conflicts, ensures efficiency and consistency in performance. The system is designed to reward staff on the basis of their contributions to the company wide strategic thrusts. A hybrid of the system was used for the 2018 appraisal cycle and will become fully operational for the 2019 financial year.

Finally, to address skill gaps and ensure key manning requirements of the Company is addressed, the Company head hunted and engaged the following high quality experts to man key operational areas of the Company: Managing Director, Chief Operating Officer, Head, Logistics and Supply Chain, Head, Human Resources and Head, Information and Technology.

Technology was also leveraged upon in the operations of the Board and Management. In the latter part of the year, the Board initiated and successfully implemented full automation of its Board/management meeting room and processes. Currently, meetings of the Board and management meetings with Outsourced Business Partners/external stakeholders are able to hold remotely via video/audio conferencing for up to 100 participants. It has created significant value and efficiencies. Permit me to illustrate, traditionally strategy meetings with our business partners required bringing them all to Lagos with significant cost implications for flights and hotels which limited frequency of such meetings. Our new meeting platform has allowed us to meet with far greater frequency and completely eliminated those costs. All that is required from our partners is availability and as little as the cost of a Whatsapp voice or video call from their desktop, laptop or cellphone.

Distinguished shareholders, our transformation initiatives have coalesced into a 100 day transformation plan which we are currently undergoing. We are sending a bold message to the market and stakeholders that a total transformation of our Company has commenced.

CHAIRMAN'S STATEMENT (CONT'D)

Governance

Within the year under review, our governance processes were not left out of these transformation initiatives. Indeed, the governance structure was most impacted. With the understanding that good corporate governance practices remain the best tool to deliver increased shareholder value in a tough operating environment, we revamped our governance framework by preparing, deliberating and approving the following charters/ policies:

- Charter of the Board of Directors
- Charter of the Establishment, Remuneration, Governance Committee
- Charter of the Strategy and Risk Management Committee
- Charter of the Finance and General Purpose Committee
- Statutory Audit Committee Charter
- Management Committee Charter
- Governance Framework
- External Auditor Independence Policy
- Conflict of Interest Policy
- Director Remuneration Policy

For quality assurance, we were handheld through the entire process by the Institute of Directors Centre for Corporate Governance. As part of our commitment to high ethical values and commitment to constant improvement, the Board commissioned Messrs DSCL Professional Services to undertake a rigorous Board Appraisal process. The feedback from the process was that the governance practices of the Company was sound and in substantial compliance with most codes of corporate governance including the recently passed National Code of Corporate Governance. Whilst this is a testament to the high standards of our governance practices, the Board took note of areas requiring improvement and has mandated the relevant personnel to address these issues.

With the operationalization of the new policies and Charters previously highlighted, we are poised to further improve the governance practices of the Board.

Changes to Board Composition

During the year under review, there were changes to the Board membership as some directors exited the Board. Those who departed the Board were; Mr. Wole Abegunde and Mr Peter Folikwe. I want to use this opportunity to thank these former directors for their contributions to the organisation during their tenure.

I would also wish to place on record the extraordinary commitment, dedication and unparalleled support of my fellow directors. They have worked incredibly hard and sacrificed their time in a manner unprecedented in the history of this company.

Management Changes

Whilst there were no additions to the Board, Mrs Modupe Oguntade, was appointed Acting Managing Director to take over from the former Managing Director in January 2019 in line with BPN's succession planning policy. Mrs Oguntade being the most senior Management staff held forte till April, 2019 when Mr Anjan Sircar was appointed as Managing Director.

Mr Sircar comes with vast experience having served many industry relevant senior roles such as : CEO of the Elite Group of Companies, Bangladesh (Aqua Paints division), Country Director & Head of Berger Paints (Nepal) Ltd.(a subsidiary of Berger Paints India Ltd.), Director and General Manager, Asian Paints India Ltd, Country Director of Kadisco Asian paints (Subsidy of Asian Paints India Ltd), and as a member of the Executive Committee of Nepal-India Chamber of Commerce & Industries, and the India Nepal Business Forum. We have undoubted belief that BPN with Mr Sircar is poised for increased efficiency and returns in the years to come. His full profile is detailed in this Report.

During the year also, a new Company Secretary/Legal Adviser, Mr Ayokunle Ayoko, was appointed. Mr Ayoko comes with significant corporate secretarial experience and governance expertise having worked in the Company Secretariat of First Bank of Nigeria Limited and FBN Holdings Plc. (FBNH). He also served as Company Secretary to FBN Insurance Limited, FBN General Insurance Limited and FBN Insurance Brokers Limited, prior to joining Berger Paints Plc.

Factory Update

Our factory is currently undergoing commissioning and equipment integrity testing. Transition production will commence from Q2 2019. We made a determination to slow down the commissioning as our systemic review revealed that we were not suitably equipped organizationally to optimise the impact of the new factory. Our transformative initiatives have positioned us to better utilize the factory as an enabler towards achieving our strategic objectives.

Financial Results

Despite the challenging operating environment in 2018, your Company's growth strategy delivered with an impressive performance.

I am pleased to inform you that the impact of these initiatives I have described has been immediate and quantifiable. As you will observe in our Financial Statements we have arrested and reversed the recent unsustainable reliance on extraordinary and other income. I am pleased to highlight that our focus on our core operational activities has resulted in our highest ever continuing operations profit of ₦398m (which excludes other income). In comparison, in the previous 4 years we averaged ₦148m from continuing operations and ₦209m from other income. Better processes and improved supply chain management has also resulted in reduction in our operating costs by 6% and efficiency gains of 9% in our cost of sales.

"I am pleased to inform you that the impact of these initiatives I have described has been immediate and quantifiable. As you will observe in our Financial Statements we have arrested and reversed the recent unsustainable reliance on extraordinary and other income. I am pleased to highlight that our focus on our core operational activities has resulted in our highest ever continuing operations profit of ₦398m"

A review of the financial result shows positive performance across all financial indices. Berger Paints Nigeria Plc. revenue grew by 12% to ₦3.377billion as against ₦3.013billion reported in December 2017. Profit before tax stood at ₦454.3million, representing a growth of 33.8% over ₦339.5million recorded in the corresponding year ended December 2017.

There have been no structural changes in the landscape of the segments in which we operate and the market share of our brands remains strong. We intend to buttress and sustain our position in the market, improve efficiencies and performance of the business into the future. You have the Board's assurance that in our next 60 years we will never lose sight of this objective again.

Dividend

The Board is recommending, for your kind approval, the sum of ₦188,385,000 (one hundred and eighty-eight million, three hundred and eighty-five thousand naira only) to be paid out as dividend. This works out at the rate of 65 kobo per share which represents a 30% increase in dividend paid in the previous financial year.

If the shareholders approve the recommendation, the dividend will be paid, less withholding tax, to shareholders whose names appear on our Company's Register of Members as at the close of business on Monday April 29, 2019.

CHAIRMAN'S STATEMENT (CONT'D)

Corporate Culture

We recognize the value of diversity in our employee base who come from a broad and representative mix of background and experience, as different perspectives allow us to identify and develop new opportunities. We promote internal initiatives to support diversity and inclusion and realise we can only achieve our strategic objectives by building a sound reputation founded on the highest standards of responsible behaviour. I hope I have been able to demonstrate the importance and value staff consultation, engagement and buy-in has contributed to the truly transformational changes occurring in the company.

Conclusion

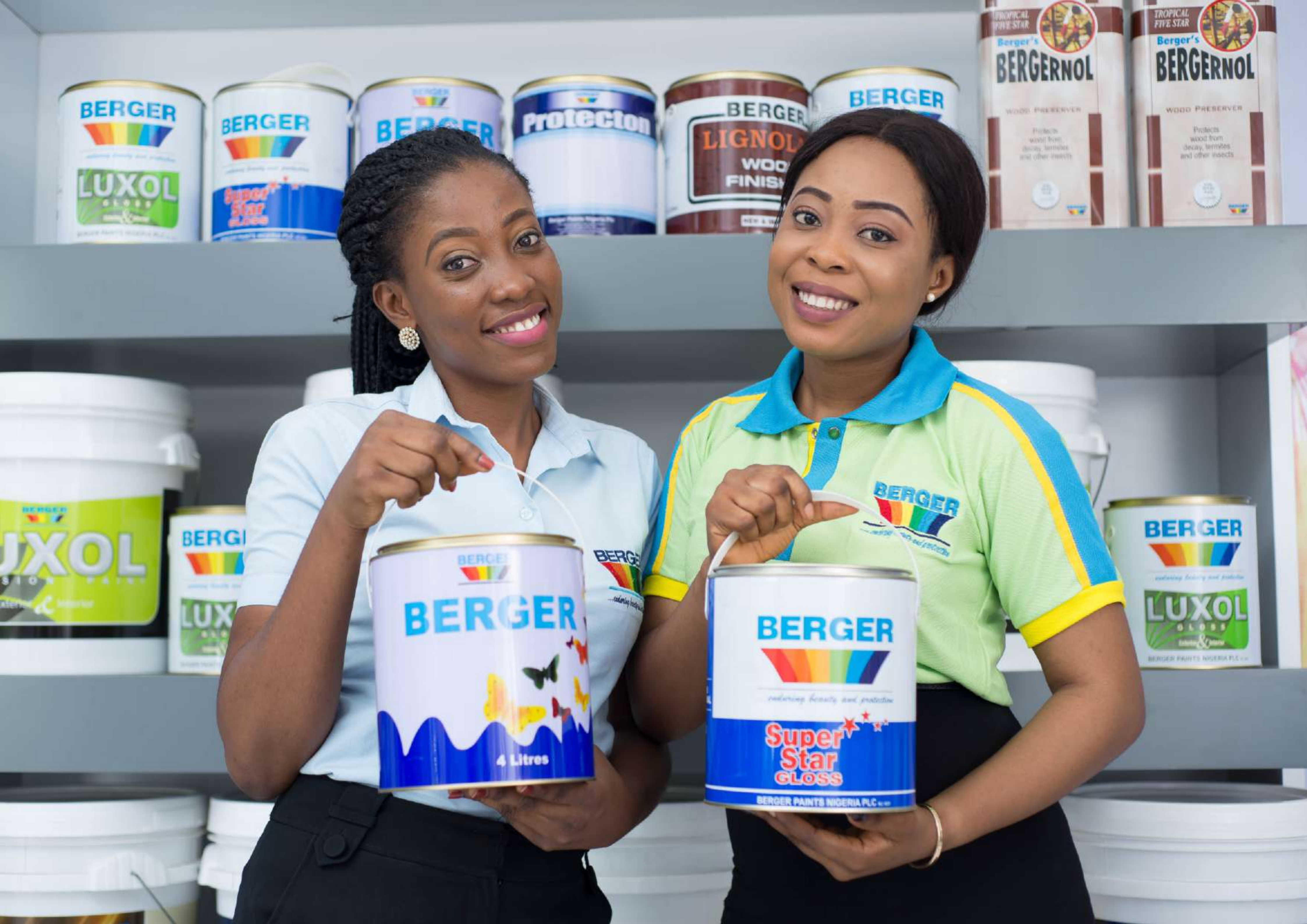
2018, was indeed a Transformational year. I must commend the courage of the Board of Directors in embarking on these myriad initiatives to position your company to deliver better returns.

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

To our stakeholders, we say thank you for your constant show of support. We will not let you down and assure you of the Board's commitment to continue the sustainability of the business, as we relentlessly pursue industry transformation that will lead us to sustainable Market dominance over the next 60 years.

Thank You

Abi Ayida
Chairman, Board of Directors


BERGER
LUXOL
Super Star GLOSS
Protecton
LIGNOL
WOOD FINISH
TROPICAL FIVE STAR
Berger's
BERGERNOL
WOOD PRESERVER
Protects wood from decay, termites and other insects
4 Litres
BERGER PAINTS NIGERIA PLC

NOTICE OF 59TH ANNUAL GENERAL MEETING

BERGER PAINTS NIGERIA PLC: NOTICE OF 59TH ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-Ninth Annual General Meeting (AGM) of Berger Paints Nigeria Plc. will be held at Sheraton Lagos Hotel, 30 Mobolaji Bank Anthony Way, Maryland, Ikeja, Lagos State on Thursday May 23, 2019 at 10:00 a.m., or so soon thereafter, to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31st December, 2018, together with the reports of the Directors, Auditors, Audit Committee and Board Appraisers thereon.
2. To declare a dividend.
3. To elect a Director.
4. To re-elect retiring Directors.
5. To fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

Special Business

7. To approve the remuneration of Directors.
8. To approve retirement benefits for former Directors.
9. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:

'That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including amongst others the procurement of goods and services, on normal commercial terms be and is hereby renewed.'

Notes

(I) Proxies

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his/her stead. A proxy need not be a member of the Company. A proxy form is attached to the Annual Report and Accounts. All instruments of proxy should be completed, duly stamped and deposited at the office of the Company's Registrars, Meristem Registrars and Probate Services Limited (Registrars) at 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State not later than 48 hours before the time of holding the meeting.

(II) Closure of Register of Members and Transfer Books

The Register of Members and Transfer Books of the Company will be closed from April 29 to May 3, 2019 (both days inclusive) for the purpose of updating the Register of Members.

(III) Dividend

The Board of Directors of the Company has recommended a dividend of 65kobo per share, payable less withholding tax. If approved at the meeting, the dividend will be paid electronically on May 24, 2019 to shareholders whose names appear on the Register of Members as at April 26, 2019, and who have completed the e-dividend registration and mandated the Registrar to pay their dividends directly into their bank accounts.

(IV) Unclaimed Share Certificates and Dividend Warrants

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

NOTICE OF 59TH ANNUAL GENERAL MEETING (CONT'D)

(V) E-Dividend

Shareholders are advised to open bank and CSCS accounts for prompt receipt of dividend payments and in accordance with the directive from the Securities and Exchange Commission. Details of such accounts should be sent to the Registrars. A detachable e-dividend form is attached to the Annual Report and Accounts. The form may also be downloaded from the Company's website.

(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) Election/Re-Election of Directors

Mr Anjan Sircar is being proposed to be elected as a Director at the meeting. Additionally, Chief Musa Danjuma and Mr Kunle Olowokande are retiring by rotation at this meeting in line with section 259 of CAMA. The retiring Directors, being eligible, are offering themselves for re-election as Directors at the AGM.
The profiles of the Directors are contained in the Annual Report and on the Company's website at www.bergerpaintsnig.com

(VIII) General Mandate

In line with the Nigerian Stock Exchange Rules on Transactions with Related Parties, the Board is required to seek a renewal of the general mandate from shareholders as per item 9 of the agenda above. Members had 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.

(IX) Rights of Shareholders

Shareholders have a right to ask questions not only at the meeting, but also in writing prior to the meeting, and such written questions must be submitted to the Company Secretary/Legal Adviser, on or before May 17, 2019.

Dated the 19th Day of March, 2019.
By Order of the Board

Ayokunle Ayoko
Company Secretary/Legal Adviser
FRC/2015/NBA/00000013900
102 Oba Akran Avenue
Ikeja, Lagos State

INFORMATION GUIDE FOR THE 59th ANNUAL GENERAL MEETING (CONT'D)

Dear Shareholders,

We welcome you to the 59th Annual General Meeting (AGM) of our esteemed company. The following resolutions will be tabled for your consideration at our AGM holding at Sheraton Lagos Hotel, 30 Mobolaji Bank Anthony Way, Maryland, Ikeja, Lagos State. The following resolutions along with the rationale for the proposed resolutions to be considered at the meeting are hereinafter detailed.

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

1. RESOLUTION ON REPORTS AND ACCOUNTS

RESOLUTION

"That the Audited Accounts for the financial year ended December 31, 2018 together with the reports of the Directors, Auditors, Board Appraisers and Audit Committee thereon submitted to the meeting be received"

RATIONALE

This resolution is predicated on the requirements of section 334 of the Companies and Allied Matters Act, 2004 ('CAMA') which makes it mandatory for the Directors of Berger Paints Nigeria Plc. ('BPN' or 'the Company") to prepare Financial Statements for each year. In line with this provision, the 2018 Audited Financial Statements have been prepared and included in the 2018 Annual Report and Accounts which has been circulated to you. The Report also contains the Auditor's Report, the Audit Committee's Report, the Director's Report and the report of the External Consultants on the 2018 Board Appraisal.

The 2018 Audited Financial Statements gives an overview of the financial performance for the Company for the year ended December 31, 2018.

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

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

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

i. A fair view of the development of the business of the Company and its subsidiaries during the year and of their position at the end of it;

ii. The amount (if any) which they recommend should be paid as dividend and the amount (if any) which they propose to carry to reserves;

iii. The names of the persons who, at any time during the year, were Directors of the Company and the financial activities of the Company and its subsidiaries in the course of the year and any significant change in those activities in the year;

iv. Director's interest in the Shares of the Company;

v. Donations given by the Company within the financial year;

vi. Information relative to the employment, training and advancement of disabled persons;

vii. Information relative to the health, safety and welfare at work of the employees of the Company;

viii. Information on Committees of the Board and its membership.

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

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

Despite the challenging operating environment in 2018, a review of the financial result shows positive performance across all financial indices. The company revenue grew by 12% to ₦3.377billion as against ₦3.013billion reported in 2017. Profit before tax stood at ₦454.3million, representing a growth of 33.8% over ₦339.5million recorded in prior year.

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

We therefore urge you to vote in support of the motion to receive these reports and the audited financial statements.

2. RESOLUTION ON DIVIDEND PAYABLE

RESOLUTION

"That a dividend payment in the total sum of ₦188,385,000 (one hundred and eighty-eight million, three hundred and eighty five thousand naira only) which translates to 65kobo per 50 kobo ordinary share of the Company, subject to withholding tax, to shareholders whose names appear on our Company's Register of Members as at the close of business on Monday April 29, 2019, be hereby approved."

RATIONALE

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

The Board of Directors has recommended the payment of the sum of ₦188,385,000 (one hundred and eighty-eight million, three hundred and eighty five thousand Naira only), out of the distributable reserve of the Company as dividend in respect of the financial year ended December 31, 2018. This translates to 65kobo per 50 kobo share of the Company held, subject to withholding tax. The proposed represents 30% of cash dividend paid in 2018.

We therefore urge you to vote in support of the motion to approve the payment of the proposed Dividend.

3. RESOLUTION ON ELECTION OF DIRECTOR

"That the election of Mr Anjan Sircar as a director of Berger Paints Nigeria Plc. is hereby approved"

RATIONALE

During the course of the 2018 financial year, the erstwhile Managing Director/Chief Executive Officer, Mr Peter Folikwe retired from the Board having completed his four year tenure.

To ensure a seamless transition, the Board appointed Mr Anjan Sircar as Managing Director/Chief Executive Officer subject to your approval. Mr Sircar comes with vast experience having served many industry relevant senior roles such as: CEO of the Elite Group of Companies, Bangladesh (Aqua Paints division), Country Director & Head of Berger Paints (Nepal) Ltd. (a subsidiary of Berger Paints India Ltd.), Director and General Manager, Asian Paints India Ltd, and Country Director of Kadisco Asian paints (Subsidy of Asian Paints India Ltd). His detailed profile is contained in this report.

We therefore urge you to vote in favour of this resolution.

4. RESOLUTION

"That Adekunle Olowokande and Chief Musa Danjuma who having retired by rotation, being eligible and having offered themselves for re-election, are duly re-elected'.

RATIONALE

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

In line with this provision of CAMA, one third of our Board of Directors have always retired at every AGM. In view of the aforementioned statutory provision, two directors will be retiring at this meeting. They are Mr Adekunle Olowokande and Chief Musa Danjuma.

Their Profiles are detailed in this report.

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

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

RATIONALE

Section 361(b) of CAMA provides that the remuneration of Auditors may be fixed by the Company in General Meeting or in such manner as the company in General Meeting may determine.
In line with the referenced provision of CAMA, it is usual practice to ask the General Meeting to authorize the Board to negotiate and fix the remuneration of the External Auditor.

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

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

6. RESOLUTION ON APPOINTMENT OF AUDIT COMMITTEE

RESOLUTION

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

1.______________		(Shareholder Representative)
2.______________		(Shareholder Representative)
3.______________		(Shareholder Representative)
4	Chief Musa Danjuma	(Director)
5	Mr Nelson Nweke	(Director)
6	Engr. Patrick Buruche	(Director)

RATIONALE

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

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

At the meeting, there will be an election (by showing of hands only) to elect three shareholder representatives to serve on the Audit Committee for the 2019 financial year. The curriculum vitae (CVs) of the nominees have been collated in line with the requirements of the Code of Corporate Governance of the Securities and Exchange Commission. The collated CVs may be viewed on the Company's website.
In addition to the three representatives of the shareholders to be elected at the meeting, the following three members of the Board are being proposed as the three designated Board members of the SAC for the 2019 financial year;

1. Chief Musa Danjuma
2. Mr. Nelson Nweke
3. Engr. Patrick Buruche

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

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

7. RESOLUTION TO APPROVE THE REMUNERATION OF THE DIRECTORS.

"That the Board of Directors be authorized to fix the remuneration of Directors subject to the combined remuneration/compensation package for the Board of Directors being at a sum not exceeding ₦80,000,000 (eighty million naira) and disclosure in the annual Audited Financial Statements"

RATIONALE

Section 267 of CAMA provides that the remuneration of the directors shall, from time to time, be determined by the Company in general meeting and such remuneration shall be deemed to accrue from day to day.

For logistic reasons, the best practice is to authorize the Board of Directors to fix the remuneration of directors at a level consistent with industry average on remuneration/compensation for Directors. The industry average for Board remuneration in the paint manufacturing industry about ₦80,000,000 (eighty million naira) and same is being proposed as a benchmark for Director Remuneration.

To ensure continuous shareholder oversight, the Board will still be required to disclose the combined compensation package in the annual audited financial statements.
We therefore urge you to vote in support of the resolution above.

8. RESOLUTION

That the sum of ₦3, 687,500 (three million, six hundred and eighty-seven thousand, five hundred naira) and ₦2,250,000 (two million two hundred and fifty thousand naira) be paid to Dr Oladimeji Alo and Mr Wole Abegunde, respectively, as retirement benefits having retired from the Board'

RATIONALE

Rule 16.14 of the National Code of Corporate Governance 2018 provides that 'subject to the provisions of extant laws, the Company may pay compensation for loss of office or retirement to Directors.'

Additionally, Section 271 of the Companies and Allied Matters Act provides that:
'It shall not be lawful for a Company to make to any director of the Company, any payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office, unless particulars with respect to the proposed payment and the amount have been disclosed to members of the Company and the proposal is approved by the Company.'

The Board has thus recommended the foregoing payments calculated based on Board agreed criteria, to Dr Oladimeji Alo (December 11, 2012- June 7, 2018) and Mr Wole Abegunde (March 20, 2014 – October 25, 2018) subject to shareholders approval.
We therefore urge you to vote in support of the resolution above.

9. RESOLUTION

' *That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including amongst others the procurement of goods and services, on normal commercial terms be and is hereby renewed.'*

Rule 20.8 of the Nigerian Stock Exchange's General Mandate provides that an ordinary resolution may be passed by shareholders which will grant the Board and Management the authority to enter into recurrent related party transactions of revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials.

You will recall that this authorization has always been given at previous AGMs. However, in line with the rules of the Exchange, the general mandate is subject to annual renewal, hence the need for shareholders to renew the general mandate.

Shareholders are therefore urged to vote in support of the resolution above.

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 2018.

1. Legal status

The Company was incorporated in Nigeria as a private limited liability company on 9 January, 1959 and was converted to a public limited liability company in 1973. The Company's shares were quoted on the Nigerian Stock Exchange with effect from 14 March 1974.Its subsidiary, Lewis Berger Paints Ghana Limited was incorporated in Ghana with effect from 22 October, 2013 as a private limited liability company. As at 31 December 2018, the subsidiary was dormant and had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

2. Principal activities

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

3. Operating results

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

In thousands of naira	2018	2017
Revenue	3,377,223	3,012,648
Results from operating activities	442,299	339,524
Profit before taxation	454,328	339,456
Profit for the year	320,509	246,276
Total comprehensive income for the year	320,509	265,250

4. Dividend

The Directors are pleased to recommend to shareholders, the payment of a dividend of 65 Kobo per Share for the financial year which amounts to ₦188,385,000 subject, to the approval of the members at the Annual General Meeting (2017: ₦144,912,000 that is, 50 kobo per share) . If approved, the dividend will be paid less withholding tax to members whose names appear in the Company's Register of Members as at the close of business on Monday, April 29, 2019.

5. Corporate Governance

5.1. **Governance Framework:** The Board is committed to best governance practices and guarantees compliance with regulations and codes of corporate governance. To ensure a well-structured and effective Board, governance charters were developed for the Board and its Committees. These Charters were reviewed by the Institute of Directors Centre for Corporate Governance (IODCCG). The Directors were also trained by the IODCCG on corporate governance, the Charters and the recently passed National Code of Corporate Governance.

5.2. **Board Effectiveness:** To improve the Board's effectiveness, the Board successfully implemented the automation of its Board Room. With this, meetings are being able to hold remotely thereby reducing flight/transportation costs and risks.

5.3. **Succession Planning:** The Board, in line with best corporate governance practice, encourages a robust succession policy and will only recruit from outside the system where there is no internal competency for a role. Within the period under review, the Board developed and approved a succession planning policy to guide its operations and to always ensure business continuity regardless of vacancies or exits.

5.4 **Whistleblowing:** The Board encourages the exposure of unethical practices and all reported cases are investigated while the whistle blower is protected. BPN's Whistle Blowing Policy is displayed throughout the company's premises and the website. BPN conducts its business with integrity and diligence and with total consideration for the interest of the shareholders and other stakeholders.

5.5. **Appointment of Company Secretary:** A new Company Secretary/Legal Adviser, Mr Ayokunle Ayoko was appointed during the year. Mr Ayoko has vast experience in company secretaryship, corporate governance, legal and advisory roles. He is poised to provide excellent secretarial support and advisory to the Board on governance legal issues practices.

5.6. **Regulatory Compliance and Respect for Law:** A new 'Compliance Department' was created to monitor and ensure the Company's compliance with regulatory requirements underlining the Board's appetite for regulatory compliance. The Company ensures that its existence and operations remain within the law and its employees are required to comply with the laws and regulations of Nigeria as well as with its Code of Ethics which is publicly available and subscribed to by directors, staff and contractors. The Company, being a listed Company strives to comply with all laws and regulations, including post-listing requirements of the Nigerian Stock Exchange and the Rules and Regulations of the Securities and Exchange Commission, as well as the Code of Corporate Governance. To this end, returns were made periodically to the relevant regulatory authorities as at when due.

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

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

6. Board of Directors

6.1 **Composition of the Board and Attendance at Meetings:** At the beginning of the year, the Board was consisted of ten Directors consisting of two Independent Non-Executive Directors, seven Non-Executive Directors and one Executive Director (i.e. the Managing Director).
However in the course of the year, there were changes to the Board composition as some directors retired from the Board while some resigned from the Board. Those who exited the Board were; Dr Oladimeji Alo, Mr. Wole Abegunde and Mr Peter Folikwe. As at the end of the year 2018, the Board was composed of one Independent Non-Executive Director and six Non-Executive Directors.

The Board met five (5) times in 2018. The record of Directors' attendance at Board meetings is exhibited for inspection at the meeting. It is summarized hereunder:

SN	Member	Mar. 29	Jun. 7	Jul. 19	Oct. 25	Dec. 6	No. (5)
1.	Mr. Abi Ayida	Present	Present	Present	Present	Present	5
2.	Chief Musa Danjuma	Apology	Present	Present	Present	Present	4
3.	Mr Nelson Nweke	Present	Present	Present	Apology	Present	4
4.	Mr Raj Mangtani	Present	Present	Present	Present	Present	5
5.	Mr Kunle Olowokande	Present	Present	Present	Present	Present	5
6.	Engr. Patrick Buruche	Present	Present	Present	Present	Present	5
7.	Mr Sanjay Datwani	Present	Present	Present	Present	Apology	4
8.	Mr. Peter Folikwe*	Present	Present	Present	Present	Present	5
9.	Mr Wole Abegunde*	Present	Present	Present	No Longer a member	No Longer a member	3
10.	Dr. Oladimeji Alo*	Present	Present	No Longer a member	No Longer a member	No Longer a member	2

*Directors who exited the Board of Directors of Berger Paints Nig. Plc

6.2 Board Changes

There were no appointments to the Board during the year under review. In practice, Directors are appointed in line with articulated guidelines, taking into consideration of various factors, including the nominee's profile, other commitments and value addition to the Company. However, a new Company Secretary, Mr Ayokunle Ayoko was appointed during the year. Conversely, there were two exits from the Board during the year under review. Dr Oladimeji Alo retired as the Chairman of the Board and was replaced by Mr Abi Ayida. Similarly, Mr Wole Abegunde resigned from the Board due to other commitments which may impact his time devotion to the Company.

Board Appointments: Changes were made to the composition of the Board during the year under review. Dr Oladimeji Alo retired from the Board on the 7th of June, 2018 and Mr. Abi Ayida was appointed as the Chairman of the Board.

Board Appointment Process: The Establishment, Remuneration and Governance Committee (ERGAC) of the Board is tasked with the identification and recommendation of candidates for appointment to the Board. The process for appointing a director is that, when a vacancy exists, the committee shall review the requisite requirement on the Board and collate the CVs of candidates who fit the needed role.

The Committee will thereafter reviews the qualifications of the candidates based on a careful analysis of the existing Board's strengths and weaknesses, its skills and experience gaps, diversity etc.

Nominees for appointments may be subjected to a fit and proper test (background checks and formal interviews); to ensure that they are qualified to hold office and their appointment will not have a negative impact on the Company's reputation in the market place. Formal discussions with prospective candidates concerning Board's expectations and the nominee's ability to make necessary commitment would be carried out and the result documented.

Where considered fit, the Committee will make recommendation on the candidate to the Board for approval. Once the nomination is approved by the Board, a letter of appointment would be issued to the new director subject to the approval of the relevant regulatory authority and the Annual General Meeting. This appointment letter will include the roles and responsibilities of the director, the expectations of the Company for that position in terms of commitment and involvement in Board Committees, remuneration, etc.

6.3 Board Training

Directors have the opportunity to attend programs, relating to governance and business practices, as part of their continuing education.

6.4 Directors retiring by rotation

The Directors retiring by rotation in accordance with the Company's Articles of Association are Chief Musa Danjuma and Mr Kunle Olowokande who, being eligible offer themselves for re-election.

6.5 Directors' interest in shares as at 31 December 2018

The interests of each Director in the shares of the Company, as at 31st December 2018, as recorded in the Register of Members and/or notified by the Directors for the purpose of section 275 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, and disclosed in accordance with the Listing Rules of Nigerian Stock Exchange are as stated below, along with the their interests in contracts:

DIRECTORS' HOLDINGS AS AT DECEMBER 31, 2018

S/N	DIRECTORS	HOLDINGS	INDIRECT INTEREST	HOLDINGS
1	MR. AYIDA ABI	625,601	JUREWA INVESTMENTS	16,685,111
			ALEMAJE AND COMPANY LIMITED	16,315,506
2	CHIEF DANJUMA MUSA	3,442,372	Nil	Nil
3	MR. NELSON NWEKE	234,320	Nil	Nil
4	MR. RAJ MANGTANI	Nil	Nil	Nil
5	MR. ADEKUNLE OLAKUNLE OLOWOKANDE	197,965	Nil	Nil
6	ENGR. PATRICK BURUCHE	301,247	Nil	Nil
7	MR. SANJAY DATWANI	Nil	Nil	Nil
8	MR. PETER FOLIKWE	7,000	Nil	Nil

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

In so doing, the Directors ensure that:

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

7. Board Committees

Three (3) Board Committees were operational during the 2018 financial year. These were; the Finance & General Purpose Committee, Establishment, Remuneration & Governance Committee and the Strategy & Risk Management Committee. The Board worked through these Committees, along with ad-hoc Committees. The Committees in turn, were guided by terms of reference and where required, referred to Executive Management in the discharge of its duties. The activities of the Committees are summarized below, in addition to the record of directors' attendance:

Record of 2018 Committee attendance

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

S/N	Name	Feb 25	Mar 20	Apr 24	Jul 12	Oct 18	Nov 22	No. (6)
1	Mr. Adekunle Olowokande (Chairman)	P	P	P	P	P	P	6
2	Mr. Oluwole Abegunde	P	P	P	P	A	R	4
3	Mr. Nelson Nweke	P	A	P	P	P	P	5
4	Eng. Patrick Buruche	P	P	P	P	P	P	6
5	Mr. Peter Folikwe	P	P	P	A	P	P	5

** P - Present **A - Apology **R - Retired

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

S/N	Name	Jan 25	Jul 10	Nov 1	No. (3)
1	Mr. Nelson Nweke (Chairman)	NYM	P	P	2
2	Mr. Raj Mangtani	NYM	P	P	2
3	Engr. Patrick Buruche	P	P	P	3
4	Mr. Abi Ayida	P	NLM	NLM	1
5	Chief Musa Danjuma	A	P	P	2
6	Mr. Wole Abegunde	P	NLM	R	1

** NYM - Not Yet Member of Commitee **NLM - No longer a Member of Commitee **A - Apology **R - Resigned
**P - Present

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

S/N	Name	Jul 13	Oct 22	No. (2)
1	Mr. Raj Mangtani (Chairman)	P	P	2
2	Mr. Kunle Olowokande	P	P	2
3	Mr. Peter Folikwe	P	P	2

**P - Present

8. Audit committee

In accordance with the provisions of section 359(4) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, the Audit Committee comprises of three non-executive directors and three shareholders' representatives. The Committee, in the conduct of its affairs as stipulated in Section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, reviews the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members have direct access to both the Internal Auditors and the External Auditors. The Committee met 4 times in 2018 as indicated below.

SN	Member	Mar. 22	Jul. 13	Oct. 23	Dec. 11	No. (4)
1.	Mr. Chibuzor Eke	Present	Present	Present	Present	4
2.	Mrs. Mary Joke Shofolahan	Present	Present	Present	Present	4
3.	Mr. Taiwo Afinju	Present	Present	Present	Present	4
4.	Chief Musa Danjuma	Present	Present	Present	Present	4
5.	Mr. Nelson Nweke	Apology	Present	Present	Present	3
6.	Mr. Kunle Olowokande	Present	Present	Present	Present	4

**P - Present **A - Apology

9. Donations and gifts

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

Beneficiary	Purpose	2018
In thousands of naira		
Schools*	Donation of paint	251,460
Manufacturer Association of Nigeria Centre	Donation of paint	224,487
Chemical & Non Metallic Products Employers Federation (CANMPEF)	Donation of paint	194,212
Police Community Relations- Area F command	Donation of paint and painting	114,999
Ikeja Golf Club	Donation of paint	87,854
Igbogbo Bayeku Council	Donation towards Life after 65 funfair	50,000
Total		**923,012**

*The schools who benefitted from this donation includes Basil Int'l School, Unilag Women Society Nursery & Primary School, Grace Nursery & Primary School, Straitgate School and Emerald School.

10. Quality policy and innovation

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

11. Post balance sheet events

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

12. Risk management policy

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

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

13. Safety and environmental policy

Health & Safety

The safety of our employees is a priority. The Company has taken every precaution to provide a safe workplace and there is a zero tolerance policy for workplace violence. Our operations and procedures are regularly certified by both state and federal regulatory agencies.

Accidents are investigated, and corrective actions put in place to forestall future occurrences.

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

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

Sustainability

Part of the fulfilment of our environmental friendliness practice is to conduct a periodic environmental audit to monitor the significant environmental aspects of our operations and put in place controls that will minimize or eliminate their adverse impact on the environment.

The Company also complies with all environmental laws and strives to minimize environmental impact associated with our activities through:

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

Wellbeing, diversity and other human resource policies

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

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

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

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

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

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

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

14. Outsourced Business Partners

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

15. Independent Auditor

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

16. Compliance with regulatory requirements & Company policies

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

18. Responsibility for Accuracy of Information

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

BY ORDER OF THE BOARD

Ayokunle Ayoko
Company Secretary/Legal Adviser
March 19, 2019
FRC/2015/NBA/00000013900

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

Compliance with Codes of Corporate Governance

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

Additionally, proactive steps are being taken to ensure compliance with the recently released National Code of Corporate Governance.

Shareholding

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

Board of directors

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

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

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

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

Board Composition

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

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

Distinct roles of Chairman and Chief Executive

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

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

Induction and continuous training

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

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

Director Remuneration Policy

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

- **Non-Executive Directors**

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

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

- **Executive Directors**

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

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

Whistle Blowing Procedure

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

Regulatory Infractions

For the 2018 financial year, no regulatory infraction was recorded.

Communication with Stakeholders

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

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

Access to Independent Professional Advice

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

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended December 31 2018

Mr. Nelson Nweke
Chairman, Establishment Remuneration & Governance Committee

ESTABLISHMENT, REMUNERATION & GOVERNANCE COMMITTEE (ERGC)

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

The Committee also considers the nomination of new directors to the Board, Succession planning for key positions on the Board and Management, training of directors, recommending director's remuneration and overseeing board performance and evaluation.

Additionally the Committee oversees the development and maintenance of appropriate corporate governance framework for the Company and ensuring compliance with extant Codes of corporate governance.

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

Responsibilities Of The Committee

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

Composition

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

Specifically, the composition shall include:

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

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

FINANCE & GENERAL PURPOSES COMMITTEE

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

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

Responsibilities of the Committee

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

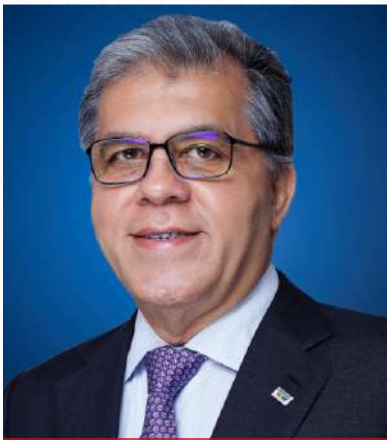
Composition

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2018



Mr. Raj Mangtani
Chairman, Strategy & Risk Management Committee

STRATEGY & RISK MANAGEMENT COMMITTEE (SRMC)

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

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

Responsibilities of the Committee

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

Composition of the Committee

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

Specifically, the composition shall include:

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

A Board Strategy Retreat at an offsite location was also held in November, 2018 where the Strategy for 2019 was discussed and strategic thrusts agreed.

Mr. Chibuzor Eke
Chairman, Statutory Audit Committee

STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee is set up in accordance with the provisions of section 359(4) of the Companies and Allied Matters Act (CAMA). According to the provisions of the above referenced section, all public companies are mandated to set up Statutory Audit Committee (SAC) to ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

Responsibilities of the Committee

The Committee reviews the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members have direct access to both the Internal Auditors and the External Auditors.

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

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

Composition

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

Financial Literacy on Audit Committee

All the shareholder representatives on the SAC are financially literate and knowledgeable in internal control processes.

Independence of the Statutory Audit Committee

The Audit Committee is independent and has unrestricted access to the external auditors to seek explanations and additional information necessary for the effective discharge of their responsibilities.
The Committee is composed of six members as required by law with three shareholder representatives. The shareholder representatives are independent from the Board and answerable to the shareholders.
The other three members are; two Non-Executive Directors and an Independent Director. This composition underpins the independence of the Committee from executive or Board influence.

STATEMENT OF COMPLIANCE WITH REGULATIONS

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

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

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

Ayokunle Ayoko
Company Secretary/Legal Adviser

Abi Ayida
Chairman

STATEMENT OF COMPLIANCE WITH THE SEC CODE OF CORPORATE GOVERNANCE

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

1. Internal Audit functions exist in the Company. Similarly, risk management and compliance system are operating efficiently and effectively in all respects.

2. This report contains a report on the Company's sustainability initiatives as required under Section 28, Part D of the SEC Code.

3. Details and nature of related party transactions, are being monitored and included in the Audited Financial Statements contained in the Annual Report.

Ayokunle Ayoko
Company Secretary/Legal Adviser

Abi Ayida
Chairman

STATEMENT OF COMPLIANCE WITH COMPLAINTS MANAGEMENT POLICY'

We hereby confirm that in recognition of the importance of effective engagement in promoting shareholder/investor confidence in the company, the Company has put in place, a Complaint Management Policy ("the Policy") which has been prepared pursuant to the requirements of the Securities & Exchange Commission's Rules on Complaints Management Framework ("SEC Rules") issued on February 16th 2015 and the Nigerian Stock Exchange Directive (NSE/LARD/LRD/CIR6/15/04/22) to all Listed Companies ("the NSE Directive") issued on 22nd April, 2015.

Ayokunle Ayoko
Company Secretary/Legal Adviser

Abi Ayida
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Abi Ayida (FRC/20l9/IODN/00000019260
Chairman
Date March 19, 2019

Kunle Olowokande (FRC/2019/IODN/00000019259
Director
Date March 19, 2019

BOARD APPRAISER REPORT ON 2018 EVALUATION

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Shehu Shagari Way,
Central Business District
By Abia House and
Federal High Court Abuja

RC NO. 352393

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF BERGER PAINTS NIGERIA PLC FOR THE YEAR-ENDED DECEMBER 31, 2018.

DCSL Corporate Services Limited (DCSL) was engaged by Berger Paints Plc. ("Berger Paints", "the Company") to carry out an evaluation of the performance of the Board of Directors for the year-ended December 31, 2018 in line with the provisions of **Section 15.6 of the Securities and Exchange Commission Code (the SEC Code) and Principle 14.1 of the Nigerian Code of Corporate Governance 2018 (NCCG Code),** as well as global best practices on Corporate Governance. The appraisal entailed a review of the Company's corporate and statutory documents, Minutes of Board and Committee meetings, policies and other ancillary documents made available to us, and the administration of questionnaires as well as interviews with the Directors and select members of the Executive Management team. To ascertain the extent of compliance with relevant corporate governance principles, and the performance of the Board in general, we benchmarked the Company's corporate governance structures, policies and processes against the provisions of the SEC and NCCG Codes as well as global Best Practices and considered the following seven key corporate governance themes:

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

Our review of the corporate governance standards and processes affirm that the Board has substantially complied with the provisions of the SEC and NCCG Codes, as well as other relevant corporate governance best practices. The Peer Assessment undertaken indicate that individual Directors performed satisfactorily against the parameters used for the appraisal and remain committed to enhancing the Company's growth.
We have brought to the attention of the Board the areas that require improvement and are satisfied that the Board has taken due note of these.

Yours faithfully,
For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director

REPORT OF THE AUDIT COMMITTEE

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

1. The scope and planning of both the external and internal audit programs for the year ended 31st December, 2018 were adequate in our opinion.
2. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.
3. The internal control was being constantly and effectively monitored.
4. Having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management response thereon.

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

The members of the Audit Committee for the 2018 financial year were:

Members of the Committee

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

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

Dated March 12, 2019

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Berger Paints Nigeria Plc**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berger Paints Nigeria Pic ("the Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 50 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition

Revenue is the most significant item in the Statement of Profit or Loss and Other Comprehensive Income and impacts key performance indicators on which the Company and its Directors are assessed. Its significance makes revenue a matter of focus in our audit. Furthermore, the recognition and measurement of revenue from rendering painting services to customers requires the application of significant judgment by management in the estimation of the percentage of completion of individual contracts at year end. See notes 4 (significant accounting policies) and note 6 (revenue) respectively of these financial statements.

How the matter was addressed in our audit
Our audit procedures included the following:

- evaluated the design, implementation and operating effectiveness of key internal controls established within the revenue process;

- obtained a sample of revenue transactions recognised for the year and agreed to invoices and delivery waybills acknowledged by customers;Assessed the accuracy of a sample of sales returns and rebates by checking them to supporting documentation such as approved credit notes to customers;

- challenged the Company's basis for recognition and measurement of revenue from contract services rendered to customers by recalculating the proportion of cost incurred relative to the total expected cost;

- recalculated rental revenue recognised in respect of the Company's investment property based on the report issued by the external property manager and;

- checked that for a sample of revenue transactions occurring prior to, and immediately after the year end date, revenue was recognized in the appropriate period.

The Company's accounting policy and notes on revenue are shown in notes 4(L) and 6 respectively of these financial statements.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act 2011, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Oluwatoyin A. Gbagi, FCA
FRC/2012/ICAN/00000000565
For: KPMG Professional Services
Chartered Accountants
29 March 2019
Lagos, Nigeria

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

In thousands of naira

	Notes	2018	2017
Assets			
Property, plant and equipment	14(a)	2,410,120	2,208,523
Intangible assets	15	33,785	54,628
Investment property	16	445,270	466,295
Total noncurrent assets		2,889,175	2,729,446
Inventories	17	606,712	574,991
Trade and other receivables	18	190,982	175,390
Deposit for imports	19	134,775	29,411
Prepayments and advances	20	65,578	46,439
Other financial assets	22	129,213	
Cash and cash equivalents	21	518,864	755,747
Total current assets		1,646,124	1,581,978
Total assets		4,535,299	4,311,424
Equity			
Share capital	23(a)	144,912	144,912
Share premium	23(b)	635,074	635,074
Retained eamings		2,033,066	1,861,159
Total equity		2,813,052	2,641,145
Liabilities			
Loans and borrowings	26	256,707	380,821
Deferred income	25	64,327	71,579
Deferred taxation	12(e)	116,175	137,347
Total noncurrent liabilities		437,209	589,747
Loans and borrowings	26	109,897	73,435
Current tax liabilities	12(d)	175,649	102,498
Trade and other payables	24	622,491	557,395
Deferred income	25	24,668	26,077
Dividend payable	28	352,333	321,127
Total current liabilities		1,285,038	1,080,532
Total liabilities		1,722,247	1,670,279
Total equity and liabilities		4,535,299	4,311,424

These Financial statements were approved by the Board of Directors on March 19, 2019 and signed on its behalf by:

Abi Ayida (FRC/2019/IODN/00000019260)
Chairman

Kunle Olowokande (FRC/2019/IODN/00000019259)
Director

Modupe Oguntade (FRC/214/ICAN/000000002246)
Ag. Managing Director

Shakiru Oyegbele (FRC/2013/ICAN/00000002321)
Ag. Chief Finance Officer

The accompanying notes on pages 54 to 103 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

In thousands of naira	Notes	2018	2017
Revenue	5 & 6	3,377,223	3,012,648
Cost of sales	5 & 10(a)	(1,896,862)	(1,840,664)
Gross profit		1,480,361	**1,171,984**
Other income	7	43,821	183,441
Selling and distribution expenses	5 & 10(a)	(237,375)	(161,541)
Administrative expenses	5 & 10(a)	(829,609)	(847,468)
Operating profit before credit impairment charges		457,198	**346,416**
Impairment loss on trade receivables	5 & 10(a)	(14,899)	(6,892)
Operating profit		442,299	**339,524**
Finance income	8	31,189	29,888
Finance costs	8	(19,160)	(29,956)
Net finance income/(costs)		12,029	**(68)**
Profit before taxation	9	454,328	**339,456**
Taxation	12(a)	(133,819)	(93,180)
Profit for the year		320,509	**246,276**
Other comprehensive income			
Available-for-sale financial assets - net change in fair value	12(b)	-	27,903
Related tax	12(b)	-	(8,929)
Other comprehensive income for the year		-	**18,974**
Total comprehensive income		320,509	**265,250**
Earnings per share:			
Basic and diluted earnings per share (kobo)	13	111	85

The accompanying notes on pages 54 to 103 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

In thousands of naira

	Note	Share capital	Share premium	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2018		144,912	635,074	-	1,861,159	2,641,145
IFRS transition adjustment (net of tax)	3(b)	-	-	-	(3,690)	(3,690)
Adjusted balance at 1 January, 2018		**144,912**	**635,074**	**-**	**1,857,469**	**2,637,455**
Comprehensive income for the year						
Profit for the year		-	-	-	320,509	320,509
Other comprehnsive income for the year					-	-
Total comprehensive income for the year		-	-	-	320,509	320,509
Transactions with owners, recorded directly in equity						
Dividend	28	-	-	-	(144,912)	(144,912)
Total transactions with owners		-	-	-	(144,912)	(144,912)
Balance at 31 December, 2018		**144,912**	**635,074**	**-**	**2,033,066**	**2,813,052**
Balance at 1 January 2017		**144,912**	**635,074**	**64,400**	**1,759,795**	**2,604,181**
Comprehensive income for the year						
Profit for the year		-	-	-	246,276	246,276
Other comprehensive income	12(b)	-	-	18,974	-	18,974
Total comprehensive income for the year		-	-	18,974	246,276	265,250
Transactions with owners, recorded directly in equity						
Fair value reserve reclassified to profit or loss		-	-	(83,374)		(83,374)
Dividend	28	-	-	-	(144,912)	(144,912)
Total transactions with owners		-	-	(83,374)	(144,912)	(228,286)
Balance at 31 December 2017		**144,912**	**635,074**	**-**	**1,861,159**	**2,641,145**

The accompanying notes on pages 54 to 103 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

In thousands of naira

	Note	2018	2017
Cash flows from operating activities			
Profit for the year		320,509	246,276
Adjustments for:			
- Depreciation	10(b)	125,569	106,787
- Amortisation	15	20,922	6,883
- PPE write off		9,762	-
- Finance income	8	(31,189)	(29,888)
- Finance cost	8	19,160	29,956
- Fair value reserve reclassified to profit or loss	23(c)	-	(83,374)
- Gain on sale of property, plant and equipment	9	(6,335)	(14,669)
- Taxation	12(a)	133,819	93,180
		592,217	355,151
Changes in:			
- Inventories		(31,721)	(5,516)
- Trade and other receivables	18(c)	(15,275)	211,020
- Deposit for imports		(105,364)	(29,411)
- Prepayments and advances	20(a)	(55,437)	49,909
- Trade and other payables	24(d)	64,576	(133,850)
- Deferred income		(8,661)	46,188
Cash generated from operating activities		440,335	493,491
WHT credit notes utilised	12(d)	(9,982)	(10,482)
Tax paid	12(d)	(50,300)	(166,284)
Net cash generated from operating activities		380,053	316,725
Cash flows from investing activities			
Purchase of property plant and equipment	14(g)	(268,981)	(383,756)
Purchase of intangible assets	15	(79)	(61,511)
Proceeds from sale of available for sale financial assets		-	215,040
Proceeds from sale of property, plant and equipment		25,068	14,614
Interest income on bank deposits	8	17,831	24,507
Interest income on other financial asset	8	13,041	-
Other financial assets	22	(129,213)	-
Net cash used in investing activities		(342,333)	(191,106)
Cash flows from financing activities			
Proceeds from loans and borrowings	26(b)	26,640	349,748
Repayment of borrowings	26(b)	(187,537)	(57,332)
Dividend paid	28	(113,706)	(149,237)
Net cash (used in)/generated from financing activities		(274,603)	143,179
Net (decrease)/increase in cash and cash equivalents		(236,883)	268,798
Cash and cash equivalents at 1 January		755,747	486,949
Cash and cash equivalents at 31 December	21	518,864	755,747

The accompanying notes on pages 54 to 103 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 Reporting Entity

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

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

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011. The financial statements were authorised for issue by the Board of Directors on March 19, 2019.

(b) Basis of measurement

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

- Government grant (recognised as deferred income) measured at fair value.
- Inventories: Lower of cost and net realisable value.

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgment

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

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

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

Note 4(Q) and 31	Leases: whether an arrangement contains a lease
Note 4(D),(F),14 and 15	Determination of the useful life of leasehold land
Note 4(L) and 6	Recognition and measurement of revenue from rendering of services.

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

Note 2(e) and 30	Determination of fair values
Note 4(G) and 18	Impairment of financial assets: Expected credit loss and forward looking information
Note 26 (a)	Determination of repayment cashflows in respect of the investment property development financing arrangement.

(e) *Measurement of fair values*

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 30 – Financial instruments-Fair values and financial risk management.

3 Changes in significant accounting policies

The Company has initially adopted IFRS 15 Revenue from Contracts with Customers (see (a) below) and IFRS 9 Financial Instruments (see (b) below) from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

The effect of initially applying these standards, especially IFRS 9, is mainly attributed to an increase in impairment losses recognised on financial assets.

(a) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated- i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

IFRS 15 did not have a significant impact on the Company's accounting policies, statement of financial position, statement of profit or loss and other comprehensive income, statement of cashflows and earnings per share. The Company's accounting policies relating to revenue from contract with customers is disclosed in Note 4(L).

(b) IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in administrative expenses. Consequently, the Company reclassified impairment losses amounting to ₦6.89million, recognised under IAS 39, from 'administrative expenses' to 'impairment loss on trade receivables' in the statement of profit or loss and OCI for the year ended 31 December 2017.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The table below summarises the impact, net of tax, of transition to IFRS 9 on the retained earnings.

in thousands of naira	Impact of adopting IFRS 9
Retained earnings as previously reported	1,861,159
Recognition of expected credit losses under IFRS 9	(5,427)
Related tax	1,737
IFRS transition adjustment (net of tax)	(3,690)
Retained earnings under IFRS 9 at 1 January 2018	**1,857,469**

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

in thousands of naira	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets:				
Trade and other receivables*	Loans and trade receivable	Amortised cost	175,390	169,963
Cash and cash equivalent	Cash and cash equivalents	Amortised cost	755,747	755,747
Other financial assets**	-	Amortised cost	-	-
Total financial assets			**931,137**	**925,710**

in thousands of naira	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial liabilities:				
Trade payables	Other financial liabilities	Other financial liabilities	557,395	557,395
Loans and borrowings	Other financial liabilities	Other financial liabilities	454,256	454,256
Total financial liabilities			**1,011,651**	**1,011,651**

*Trade and other receivables previously classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of ₦5.4 million in allowance for impairment over these receivables was recognised in opening retained earnings as at 1 January 2018 on transition to IFRS 9.

**The Company did not have other financial assets as at 1 January 2018.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

in thousands of naira	IAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 January 2018
Financial assets				
Amortised cost;				
Trade and receivables:				
Brought forward: loans and receivables	175,390	-	-	-
Remeasurement	-	-	(5,427)	-
Carried forward: Amortised cost	-	-	-	169,963
Other financial assets	-	-	-	-
Cash and cash equivalents	755,747	-	-	755,747
Total amortised cost	**931,137**	**-**	**(5,427)**	**925,710**

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 30.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows:

in thousand of naira	**2018**
Loss allowance at 31 December 2017 under IAS 39	99,674
Additional impairment recognised at 1 January 2018 on:	
	427
Loss allowance at 1 January 2018 under IFRS 9	**105,101**

(iii) Transition

The Company has used an exemption not to restate the comparative for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Differences in the carrying amount of financial instruments resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39. The determination of the business model under which a financial asset is held has been made based on the basis of the fact and circumstances that existed at the date of initial application.

4 Significant Accounting Policies

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

A. Foreign currency transactions

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

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

B. Financial instruments

Policy applicable from 1 January 2018

i. Recognition and initial measurement

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

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

ii. Classification

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

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

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

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

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

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

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

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

iii *Business model assessment:*
Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes: - the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; -
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

iv *Assessment whether contractual cash flows are solely payments of principal and interest:*

Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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

v Subsequent measurement

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

v Derecognition and offsetting

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

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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

Policy applicable before 1 January 2018

i. Non-derivative financial assets

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

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

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

Loans and receivables

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

Cash and cash equivalents

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, less any overdrafts.

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, CAP C.20, Laws of the Federation of Nigeria, 2004,

iii. Retained earnings

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

iv. Fair value reserve

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

D. Property, plant and equipment

i. Recognition and measurement

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

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. 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 de-recognition or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss in the statement of profit or loss and other comprehensive income.

iv. Depreciation

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

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

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

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

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

E. Intangible assets

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

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

Purchased software with finite useful lives are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over three (3) years.
The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

F. Investment property

i. Recognition and measurement

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

• Buildings	–	20 years
• Leasehold land	–	unlimited

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

iv. Transfers

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

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

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

G. Impairment

Non-derivative financial assets

Policy applicable from 1 January 2018

i. Financial instrument

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

The Company measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 60 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

ii Measurement of ECLs

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

(iii) Credit - impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;-
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;-
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

(v) Write off

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

Policy applicable before 1 January 2018

i. Financial assets

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

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

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by Companying 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 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 Combined together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Company's of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the other assets in the unit (Company 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.

H. Contingent liabilities and contingent assets

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

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

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

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

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

I. Provisions

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

J. Employee benefits

i. Defined contribution plan

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

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for all employees. The Company and its employees contribute a minimum of 10% and 8% of the employees annual basic salary, housing and transport allowances respectively to the scheme. Employee contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to profit and loss.On 1 January 2016, the Company increased the employer contributions to the scheme to 15% of employee's annual basic salary, housing and transport allowances.

ii. Short-term employee benefits

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

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

iii. Termination benefits

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

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

K. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred 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	– weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.
Goods in transit	– Purchase cost incurred to date

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

L. Revenue by nature

(i) Revenue from contract with customers

The Company has initially applied IFRS 15 from 1 January, 2018. Information about the Company's accounting policies relating to contracts with customers and the effect of initially applied IFRS 15 is disclosed in note 3.

Policy applicable from 1 January 2018

a Sale of paints and allied products

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

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

b Contract services - supply and apply services contract

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

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. Revenue is recognized overtime on basis of the Company's cost incurred relative to the total expected cost for the satisfaction of the performance obligation. The related cost are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

Policy applicable before 1 January 2018

a Sale of paints and allied products

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

Revenue is recognised when 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 recognised as a reduction of revenue as the sales are recognised.

b Contract services - supply and apply services contract

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

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

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 by recalculating the proportion that costs incurred to date bears to the estimated total costs of the service. 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.

(ii) Investment property rental income

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

M. Finance income and finance costs

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

Finance costs comprise interest expense on 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.

N. Government grant

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

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

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

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

O. Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax includes company income tax, tertiary education tax and capital gains tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Income tax liabilities are presented in the statement of financial position net of withholding taxes.

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.

P. Earnings per share

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

Q. Leases

i. Determining whether an arrangement contains a lease

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

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

ii. Leased assets

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

iii. Lease payments

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

R. Statement of cashflows

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

S. Operating Segment

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

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

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

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

T. Dividends

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

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

U. Prepayments and advances

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

V. Deposit for imports

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

W. Investment in subsidiary

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

X. Related parties

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

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

Y. New standards and interpretations not yet adopted

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January, 2018 and earlier adoption is permitted; however, the Company has not early adopted the new or amended standard in preparing the financial statement.

– A) - IFRS 16 - Leases

The Company is required to adopt IFRS 16 leases from 1 January, 2019. IFRS 16introduces a single on-balance sheet accounting model for leases. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments; there are recognition exemption for short term leases and leases of low value items. As at 31 December, 2018, the Company does not have lease arrangement where the company is a leasee. Hence, no impact upon initial application of the standard.

– B) - Other standards

- IFRIC 23 Uncertainty over Income Tax Treatments

Z. New currently effective requirement

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Annual improvements to IFRSs 2014 - 2016 Cycle - Amendments to IFRS 1 and IAS 28
- Transfers of Investment Property (Amendments to IAS 40)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

5 Changes in presentation

To enhance comparability, certain comparative figures were reclassified as shown below

*In prior year, rebates and other incentives given to the Outsourced Business Partners were treated as selling and

In thousands of naira	Prior period presentation (31st Dec 2017)	Reclassifications	Current period presentation (31st Dec 2017)
Revenue*	3,092,445	(79,797)	3,012,648
Cost of sales**	(1,819,368)	(21,296)	(1,840,664)
Gross profit	**1,273,077**	**(101,093)**	**1,171,984**
Other income	183,441	-	183,441
Selling and distribution expenses*	(216,774)	55,233	(161,541)
Administrative expenses**	(900,220)	52,752	(847,468)
Operating profit before credit impairment charges	**339,524**	**6,892**	**346,416**
Impairment loss on trade receivables (note 3(b))	-	(6,892)	(6,892)
Operating profit	**339,524**	**-**	**339,524**
Finance income	29,888	-	29,888
Finance costs	(29,956)	-	(29,956)
Net finance costs	**(68)**	**-**	**(68)**
Profit before taxation	**339,456**	**-**	**339,456**
Taxation	(93,180)	-	(93,180)
profit for the year	**246,276**	**-**	**246,276**

distribution expenses. This has been reclassified to revenue to provide a fairer presentation of revenue.

**In prior year, amortisation charge from the investment property, maintainance and fuel expenses of delivery trucks were treated as a part of administrative expenses. This has been treated as cost of sales to give a fairer presentation of cost of sales and selling and distribution expenses

6 Revenue

The effect of initially applying IFRS 15 on the Company's revenue from contracts with customers is described in Note 3(a). Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

(a) Revenue stream for the year comprises:

In thousands of naira			Recognition policy	2018	2017
(i)	Revenue from contract with customers				
	-	Sale of paints and allied products*	At a point in time	3,283,477	2,914,694
	-	Contract services	Over time	59,507	49,500
(ii)	Revenue from investment property		Over time	34,239	48,454
				3,377,223	3,012,648

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

In thousands of naira	2018	2017
Revenue (net of value added tax)	3,875,144	3,427,407
Discount allowed to customers	(472,423)	(432,916)
Rebates to customers	(76,247)	(51,159)
Customers support fee	(42,997)	(28,638)
Total revenue	**3,283,477**	**2,914,694**

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

(b) Contract balances

The Company's contract balance comprises of trade receivables from contract with customers.

In thousands of naira	2018	2017
Trade receivables (note 18(a))	149,297	143,126

7 Other income

Other income comprises:

In thousands of naira	2018	2017
Sale of Scrap	5,017	10,551
Rental income on property subleases	32,215	45,369
Profit from disposal of property, plant and equipment	6,335	14,669
Insurance claims received	66	1,356
Income from outsourced business partners (distributors)	188	27,873
Gain from sale of financial assets	-	83,374
Sale of diesel oil & miscellaneous income	-	249
	43,821	**183,441**

8 Finance Income and finance cost

Recognised in profit or loss:

In thousands of naira	2018	2017
Interest income on bank deposits	17,831	24,507
Interest income on other financial assets	13,041	-
Foreign currency gain	317	5,381
Total finance income	**31,189**	**29,888**
Foreign currency loss	(520)	(12,095)
Interest expense on financial liabilities measured at amortised costs.	(18,640)	(17,861)
Total finance cost	**(19,160)**	**(29,956)**
Net finance income/(costs) recognised in profit or loss	12,029	(68)

9 Profit before taxation

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

In thousands of naira	Note	2018	2017
Directors' emoluments	10(a)	59,083	53,055
Depreciation	10(b)	125,569	106,787
Amortisation	15	20,922	6,883
Personnel expenses	11(a)	466,075	580,909
Auditors' remuneration	10(a)	17,500	17,500
Profit on disposal of property, plant and equipment	7	(6,335)	(14,669)

10 (a) Operating Expenses

Analysis of expenses by nature

In thousands of naira	Note	2018	2017
Directors emoluments	11(d)	59,083	53,055
Personnel expenses	11(a)	466,075	580,909
Training expenses		14,032	14,455
Repairs and maintenance		76,557	81,256
Office and corporate expenses		35,811	33,802
License and permits		17,302	15,876
Utilities		76,304	41,212
Insurance		5,929	8,324
Travel, transport and accommodation		110,981	108,003
Rent, rate and levies		3,025	4,318
Subscriptions and donations		6,917	7,783
Depreciation	10(b)	125,569	106,787
Amortisation	15	20,922	6,883
Printing and stationery		4,662	7,724
Legal and professional services fees		85,519	42,525
Auditors' remuneration		17,500	17,500
Impairment loss on trade receivables		14,899	6,892
Item of plant, property and equipment write off		9,762	-
Bank charges		5,642	6,403
Selling expenses -Advertisement and publicity		103,536	69,115
Distribution and selling expenses		133,839	92,426
Raw materials and consumables		1,552,881	1,526,417
Supply and apply services contract expenses		31,998	24,900
		2,978,745	**2,856,565**

Summarised as follows;

	2018	2017
Cost of sales	1,896,862	1,840,664
Selling and distribution expenses	237,375	161,541
Administrative expenses	829,609	847,468
Impairment loss on trade receivables	14,899	6,892
Total cost	**2,978,745**	**2,856,565**

(b) Depreciation

Depreciation charged for the year comprises:

	Note	2018	2017
Depreciation of property, plant and equipment	14	104,544	85,490
Depreciation of investment property	16	21,025	21,297
Total depreciation		**125,569**	**106,787**

11 Personnel expenses

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

In thousands of naira	2018	2017
Salaries, wages and allowances	431,587	542,492
Employer contribution to compulsory pension fund scheme	34,488	38,417
	466,075	580,909

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

₦		₦	2018 Number	2017 Number
500,001	-	1,000,000	31	30
1,000,001	-	1,500,001	78	86
1,500,001	-	2,000,001	29	22
2,000,001	-	3,000,001	20	12
3,000,001	and	above	12	15
			170	165

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

	2018 Number	2017 Number
Production	39	40
Sales and marketing	47	35
Finance	16	16
Administration	13	11
Maintenance	10	10
Corporate	4	7
Procurement	3	4
Distribution	14	14
Information Technology (IT)	3	4
Technical	12	13
Raw materials	9	11
	170	165

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

In thousands of naira	2018	2017
Fees paid to non-executive directors	29,286	28,895
Salaries	29,797	24,160
	59,083	53,055

The directors' remuneration shown above includes:

In thousands of naira	2018	2017
Chairman	2,242	3,100
Highest paid director	29,797	24,160

Other directors received emoluments in the following ranges:

₦		₦	2018	2017
			Number	Number
250,001	-	1,000,000	1	3
1,000,001	-	3,000,000	3	3
3,000,001	-	5,000,000	2	1
5,000,001	-	8,000,000	1	1
			7	8

12 Taxation

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

In thousands of naira	2018	2017
Current tax expense:		
Company income tax	139,839	53,973
Capital gains tax	74	25
Tertiary education tax	12,533	5,684
	152,446	59,682
Back duty assessment for 2015 YOA *	17,285	-
WHT credit impairment **	26,023	-
WHT credit recovered	(42,500)	(27,245)
Charge for the year	153,254	32,437
Deferred tax (credit)/expense:		
Origination and reversal of temporary differences (Note 12(e))	(19,435)	60,743
	(19,435)	60,743
Income tax expense	**133,819**	**93,180**

*Amount represents back duty assessment by the Federal Inland Revenue Service (FIRS) in respect of 2015 year of assessment (YOA).

**This represent impairment of long outstanding WHT receivable with low probability of recovery as at year end.

(b) Amounts recognised in other comprehensive income:

The Company did not have assets measured at fair value through profit or loss as at 31 December 2018.

	2018			2017		
In thousands of naira	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Fair value change on financial asset*	-	-	-	27,903	(8,929)	18,974
	-	**-**	**-**	**27,903**	**(8,929)**	**18,974**

*The Company did not have a financial asset classified as fair value through other comprehensive income (FVOCI) as at 1 January 2018.

(c) Reconciliation of effective tax rate:

In thousands of naira	%	2018	%	2017
Profit for the year		320,509		246,276
Taxation		133,819		93,180
Profit before taxation		454,328		339,456
Income tax using the Company's domestic rate of 30%	30	136,298	30	101,837
Tertiary education tax @ 2%	2	9,087	2	6,789
- Non-deductible expenses	2	10,800	2	6,797
- Tax exempt income	-	(2,029)		-
- Tax incentives	(1)	(2,692)	(0)	(1,000)
- Net WHT notes recovered	(4)	(16,477)	(8)	(27,245)
- Other tax differences	-	(1,242)	2	5,994
- Effect of capital gains tax	-	74	-	8
Tax expense	**29**	**133,819**	**27**	**93,180**

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

I. Current tax liabilities

In thousands of naira	2018	2017
Balance as at 1 January	126,680	271,009
Current year charge	152,446	59,682
Back duty assessment for 2015 YOA (note 12a)	17,285	-
Cash payments	(50,300)	(166,284)
WHT credit notes previously impaired, now recovered	(42,500)	(27,245)
	(9,982)	(10,482)
Balance as at 31 December	**193,629**	**126,680**

ii. WHT credit notes

Balance as at 1 January	24,182	24,535
Additions	16,870	10,129
WHT credit notes impaired	(13,090)	-
WHT credit notes roles utilised	(9,982)	(10,432)
Balance note as at 31 December	17,980	24,182
Total current tax liabilities as at 31 December	**175,649**	**102,498**

(e) Movement in deferred taxation

In thousands of naira	Balance at 1 January	Tax Impact of IFRS 9 transition Adjustment	Recognised in profit or loss	Recognised in Other comprehensive income	Net	Deferred tax assets	Deferred tax liabilities
31 December 2018							
Property, plant and equipment	185,087	-	(3,451)	-	181,636	-	181,636
Allowance on trade receivable*	(26,345)	(1,737)	(12,056)	-	(40,138)	(40,138)	-
Provision for gratuity discontinued	(2,730)	-	1,919	-	(811)	(811)	-
Provision for slow moving inventories	(16,516)	-	(7,930)	-	(24,446)	(24,446)	-
Unrealised exchange losses/(gain)	(2,149)	-	2,083	-	(66)	(66)	-
Net tax (assets)/ liabilities	137,347	(1,737)	(19,435)	-	116,175	(65,461)	181,636
31 December 2017							
Property, plant and equipment	126,838	-	58,249	-	185,087	-	185,087
Allowance on trade receivable	(27,890)	-	1,545	-	(26,345)	(26,345)	-
Provision for gratuity discontinued	(52,391)	-	49,661	-	(2,730)	(2,730)	-
Provision for slow moving inventories	-	-	(16,516)	-	(16,516)	(16,516)	-
Unrealised exchange losses/(gain)	444	-	(2,593)	-	(2,149)	(2,149)	-
Available-for-sale financial assets - net change in fair value	20,674		-	(29,603)	8,929	-	-
Net tax (assets)/ liabilities	67,675	-	60,743	8,929	137,347	(47,740)	185,087

*The movement in trade receivable as at 1 January 2018 upon the adoption of IFRS 9 is disclosed in note 30(b(ii)).

13 Basic and diluted earnings per share

Basic earnings per share of 111 kobo (2017: 85 kobo) is based on the profit for the year of ₦321 million (2017: ₦246million) and on 289,823,447 (2017: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year.
Basic earnings per share is the same as diluted earnings per share.

14 Property Plant and equipment

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

In thousands of naira	Leasehold Land	Buildings	Plants and Machinery	Furniture and fittings	Motor Vehicles	Computer Equipment	Capital work-in progress	TOTAL
Cost								
Balance at 1 January 2017	402,650	343,002	370,116	52,475	288,330	138,257	1,147,215	2,742,045
Additions	-	-	11,434	2,943	48,000	21,895	342,953	427,225
Disposals	-	-	(2,646)	(590)	(45,370)	(7,900)	-	(56,506)
Balance at 31 December 2017	**402,650**	**343,002**	**378,904**	**54,828**	**290,960**	**152,252**	**1,490,168**	**3,112,764**
Balance at 1 January 2018	402,650	343,002	378,904	54,828	290,960	152,252	1,490,168	3,112,764
Additions	-	1,343	26,086	3,874	20,158	20,003	263,172	334,636
Transfer	-	-	58,047		-	-	(58,047)	-
Disposals/write-of	(12,650)	(8,520)	(87,336)	(19,879)	(53,768)	(105,163)	-	(287,316)
Balance at 31 December 2018	**390,000**	**335,825**	**375,701**	**38,823**	**257,350**	**67,092**	**1,695,293**	**3,160,084**
Accumulated depreciation								
Balance at 1 January 2017	79,183	186,631	208,343	42,927	224,193	133,925	-	875,202
Charge for the year	-	17,103	10,058	2,962	47,980	7,387	-	85,490
Disposals	-	-	(2,646)	(590)	(45,315)	(7,900)	-	(56,451)
Balance at 31 December 2017	**79,183**	**203,734**	**215,755**	**45,299**	**226,858**	**133,412**	-	**904,241**
Balance at 1 January 2018	79,183	203,734	215,755	45,299	226,858	133,412	-	904,241
Charge for the year	-	16,975	31,796	3,825	35,594	16,354	-	104,544
Disposals/write-off	(1,102)	(1,386)	(78,487)	(18,959)	(53,768)	(105,119)	-	(258,821)
Balance at 31 December 2018	**78,081**	**219,323**	**169,064**	**30,165**	**208,684**	**44,647**	**-**	**749,964**
Carrying amounts								
At 31 December 2017	**323,467**	**139,268**	**163,149**	**9,529**	**64,102**	**18,840**	**1,490,168**	**2,208,523**
At 31 December 2018	**311,919**	**116,502**	**206,637**	**8,658**	**48,666**	**22,445**	**1,695,293**	**2,410,120**

(b) Assets pledged as security

No asset of the Company was pledged as security for loan as at 31 December, 2018 (2017:Nil)

(c) Impairment of property, plant and equipment

No impairment loss was recognised for the year (2017: Nil).

(d) Capital commitments

Capital expenditure commitments for the year ended 31 December 2018 authorised by the Board of Directors comprise:

In thousands of naira	2018	2017
Approved and contracted	334,636	341,778
Approved but not contracted	177,028	85,444
	511,664	**427,222**

(e) Property, plant and equipment under construction

Expenditure on capital work in progress as at 31 December 2018 is analysed as follows:

In thousands of naira	2018	2017
Plant and machinery	1,171,415	1,036,937
Buildings	523,878	453,231
	1,695,293	**1,490,168**

Included in this amount of capital work in progress are capitalized borrowing costs of ₦65.7 million (2017: ₦43.5 million), at a capitalization rate of 100%.

(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

In thousands on naira	2018	2017
Additions (Note 14(a))	334,636	427,225
Borrowing cost capitalised	(65,655)	(43,469)
	268,981	**383,756**

15 Intangible assets

In thousands of naira	Computer Software
Cost	
Balance at 1 January 2017	-
Additions	61,511
Balance at 31 December 2017	**61,511**
Balance at 1 January 2018	61,511
Additions	79
Balance at 31 December, 2018	**61,590**
Accumulated amortisation	
Balance at 1 January 2018 -	
Charge for the year	6,883
Balance at 31 December 2017	**6,883**
Balance at 1 January 2018	6,883
Charge for the year	20,922
Balance at 31 December, 2018	**27,805**
Carrying amounts	
At 31 December 2017	**54,628**
At 31 December 2018	**33,785**

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

Intangible assets amortisation charged to profit or loss for the year amounts to ₦20.92million (2017: ₦6.88million) and is included as part of administrative expenses.

16 Investment property

The movement on this account was as follows:

In thousands of naira	2018	2017
Cost		
Balance at 1 January	604,468	604,468
Balance at 31 December	604,468	604,468
Accumulated depreciation		
Balance at 1 January	138,173	116,876
Charge for the year	21,025	21,297
Balance at 31 December	159,198	138,173
Carrying amounts at 31 December	**445,270**	**466,295**

Rental income generated from investment property during the year was ₦34 million (2017: ₦48 million).

Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year was ₦3.8million (2017: ₦3.4million).

Depreciation of ₦21.0 million (2017: ₦21.3 million) charged on investment property for the year was included in cost of sales.

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

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

The fair value of the investment property as at year end has been estimated to be ₦2.05billion (2017: ₦2.02 billion). The fair value was determined by an external, independent property valuer (Ubosi Eleh and Co.) with Financial Reporting Council of Nigeria (FRC) No: FRC/2015/NIESV/00000013406. The fair value measurement of investment property has been categorised as a Level 2 fair value based on the input to the valuation techniques used.

17 Inventories

In thousands of naira	2018	2017
Raw and packaging materials	361,249	323,161
Finished products	258,607	246,924
Product-in-process	11,845	19,595
Consumables and spare parts	23,159	17,997
Goods in transit	28,245	18,927
	683,105	626,604
Impairment allowance	(76,393)	(51,613)
	606,712	**574,991**

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 ₦1.55 billion (2017 : ₦1.52 billion).

18 Trade and other receivables

(a)

In thousands of naira	2018	2017
Trade receivables (Note 6(b))	149,297	143,126
Rent Receivable	67,695	69,542
Staff debtors	1,814	4,312
Deposit with Company registrar	85,610	46,400
Other receivables	6,566	11,684
Total trade and other receivables	310,982	275,064
Impairment allowance	(120,000)	(99,674)
	190,982	**175,390**

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

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

In thousands of naira	2018	2017
Balance at 1 January under IAS 39	99,674	92,782
Adjustment on initial application of IFRS 9	5,427	-
Balance at 1 January under IFRS 9	105,101	92,782
Net impairment loss recognised	14,899	6,892
Balance at 31 December	**120,000**	**99,674**

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

In thousands of naira	2018	2017
Movement in trade and other receivables	(15,592)	205,639
Exchange gain (Note 8)	317	5,381
Changes in trade and other receivables per statement of cash flows	**(15,275)**	**211,020**

19 Deposit for imports

The deposit for import represent amounts deposited with banks to fund letters of credit. These letters of credit are meant to finance the importation of raw materials and items of property, plant and equipment. The total value of deposit for imports as at 31 December 2018 amounted to ₦134.78 million (2017: ₦29.41 million).

20 Prepayments and advances

In thousands of naira	2018	2017
Prepaid rent	-	311
Advance payment to suppliers	29,838	17,013
WHT receivables	22,390	21,535
Prepaid insurance and others	13,350	7,580
	65,578	**46,439**

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

In thousands of naira	2018	2017
Movement in prepayment and advances	(19,139)	76,801
WHT credit notes previously impaired, now recovered (note 12(a))	(42,500)	(27,245)
Movement in WHT credit notes	6,202	353
Changes in prepayments and advances per statement of cash flows	**(55,437)**	**49,909**

21 Cash and cash equivalents

In thousands of naira	2018	2017
Cash on hand	100	105
Balance with banks	364,238	449,078
Short term deposits with banks	154,526	306,564
Cash and cash equivalents	**518,864**	**755,747**

The short term deposit with banks included in cash and cash equivalents is with roll able maturity of thirty (30) days term.
The Company's exposure to credit and market risk for financial assets is disclosed in Note 30.

22 Other financial assets

This represents unclaimed dividend returned by the Company's registrar and invested in short term fixed deposits as at year end (2017: Nil).
As at 31 December 2018, the investment is analysed as stated below:

Fixed deposit:	2018	2017
Principal	128,045	-
Interest	1,168	-
	129,213	**-**

23 Capital and reserves

(a) Ordinary shares as at 31 December 2018

In thousands of naira	2018	2017
Authorised 800,000,000 ordinary shares of 50k each	400,000	400,000
Issued and fully paid 289,823,447 ordinary shares of 50k each	**144,912**	**144,912**

(b) Share premium

In thousands of naira	2018	2017
At 1 January	635,074	635,074
At 31 December	**635,074**	**635,074**

(c) Fair value reserve

In thousands of naira	2018	2017
At 1 January	-	64,400
Fair value change on available-for-sale investments (Note 12b)	-	27,903
Related tax on gains on available-for-sale investments (Note 12b)	-	(8,929)
Fair value reserve reclassified to profit or loss during the year	-	(83,374)
At 31 December	-	-

24 Trade and other payables

(a) Trade and other payables comprises:

In thousands of naira	2018	2017
Trade payables	201,353	178,196
Customer deposits for paints	143,212	117,011
Value Added Tax payable	25,577	16,845
Withholding Tax payable	45,085	34,043
PAYE payable	36,224	36,659
Short term employee payables (Note(c))	-	8,531
Pension payable (Note (b))	5,334	18,175
Other non-income taxes	12,718	19,603
Accruals	116,056	101,460
Other payables	36,932	26,872
	622,491	**557,395**

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

(b) Pension payable

In thousands of naira	2018	2017
Balance at 1 January	18,175	18,175
Charge for the year	56,997	49,976
Payments	(69,838)	(49,976)
Balance at 31 December	**5,334**	**18,175**

(c) Short term employee payables

The Company officially discontinued the staff gratuity benefits in December 31, 2016. Additional charges were recognised in prior year after discussions and consultations with all stake holders such as the staff trade and labour unions. Benefits payable to employees were fully paid as at year end while the balance payable to ex-employees have been reclassified to other payables as at year end.

In thousands of naira	2018	2017
Balance at 1 January	8,531	163,721
Charge for the year	-	79,284
Benefits paid	(5,996)	(234,474)
Reclassified to other payable*	(2,535)	-
Balance as at 31 December	**-**	**8,531**

*Payable relating to ex-employees were reclassifed to other payables during the year.

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

In thousands of naira	2018	2017
Movement in trade and other payable	65,096	(121,755)
Unrealised exchange loss (note 8)	(520)	(12,095)
Changes in trade and other payables per statement of cash flows	**64,576**	**(133,850)**

25 Deferred income

Deferred income comprises:

In thousands of naira	2018	2017
Government grant (note (a))	73,612	73,612
Advance rent received	15,383	24,044
Deferred income	**88,995**	**97,656**
Non-current	64,327	71,579
Current	24,668	26,077
	88,995	**97,656**

(a) Government grant arises as a result of the benefit received from below-market-interest rate government assisted loans (Bank of Industry loans) obtained to purchase items of machinery and equipment for the installation of the automated water base paint production plant. The production plant is under construction and the grant will be amortised on a systematic basis over the useful life of the production plant. Due to the fact that the production plant is not yet available for use as at 31 December, 2018, there has been no unwinding of the government grant into profit or loss.

26 Loans and borrowings

In thousands of naira

2018	Non-current liabilities	Current liabilities	Total
Development financing arrangement	75,435	15,697	91,132
Import finance facility	-	4,820	4,820
Bank of Industry loan	181,272	89,380	270,652
	256,707	**109,897**	**366,604**

2017	Non-current liabilities	Current liabilities	Total
Development financing arrangement	90,014	4,528	94,542
Bank of Industry loan	290,807	68,907	359,714
	380,821	**73,435**	**454,256**

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

(a) Terms and repayment schedule

In thousands of naira		Currency	Nominal interest rate	Year of maturity	31 December 2018 Face Value	31 December 2018 Carrying Amount	31 December 2017 Face Value	31 December 2017 Carrying amount
(I)	Bank of Industry loan	NGN	10%	2022	314,699	270,652	436,511	359,714
(ii)	Development financing arrangement	NGN	18%	2025	101,671	91,132	127,969	94,542
(iii)	Import finance facility	NGN			4,820	4,820	-	-
Total interest-bearing loans					**421,190**	**366,604**	**564,480**	**454,256**

i) Bank of Industry Loan

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

As at 31 December 2018, net interest expense of ₦65.7 million (December 2017: ₦43.5 million) which accrued on the facility, was capitalised to capital work-in progress.

ii) Investment property development financing arrangement

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

iii) Import finance facility

Import finance facility represents outstanding balance on letters of credit facility made available to the Company by Fidelity Bank Plc towards the importation of raw materials and items of plant, property and equipments.

The balance of ₦4.8m as at 31 December 2018 (2017: Nil) represents equivalent of USD13,000.

(b) Movement in loans and borrowings

in thousands of naira	2018	2017
Balance, beginning of year	454,256	127,864
Additions	26,640	349,748
Repayments	(187,537)	(57,332)
Interest accrued	73,245	33,976
Balance, end of year	**366,604**	**454,256**

27 Dividends

The following dividends were declared and paid by the Company;

	Per share (kobo)	2018 N'000	Per share (kobo)	2017 N'000
Dividend	50	144,912	50	144,912

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

28 Dividend payable

In thousands of naira	2018	2017
At 1 January	321,127	325,452
Declared dividend	144,912	144,912
Payments	(113,706)	(149,237)
At 31 December	**352,333**	**321,127**

29 Related Parties

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

A. Transactions with key management personnel

Key management personnel compensation comprised the following:

In thousands of naira	2018	2017
Short-term benefits	98,349	112,394
Post employment benefits	7,593	4,779
	105,942	**117,173**

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

In thousands of naira	Transaction value		Balance Receivable (Payable) as at year end	
Transaction	2018	2017	2018	2017
Supply of raw materials (I)	109,673	43,217	(20,412)	(5,682)
Supply of raw materials (ii)	15,022	22,278	-	-
Recruitment services (iii)	-	1,176	-	-
Registrar's fees (iv)	15,834	4,855	(1,134)	(5,750)
Fund management service (v)	129,213	-	129,213	-

(i) Emychem Limited

During the year, the Company bought various raw materials from Emychem Limited and also awarded a contract of products formulation for the new automated factory. The Managing Director of Emychem Limited is Mr. Raj Mangtani who is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

(ii) Clayton Finance Limited

The Company bought various raw materials from Clayton Finance Limited. The Managing Director of Clayton is Mr. Sanjay Datwani who is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

(iii) Excel Professional Services Limited

The Company engaged the services of Excel Professional Services Limited for the recruitment of certain management staff. However, no such service was provided by Excel Professional during the year. The Managing Director of the company is Dr. Oladimeji Alo, and he was the chairman of the Board of Directors of Berger Paints Nigeria Plc but retired with effect from June 7, 2018.

(iv) Meristem Registrars Limited

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 was a non-executive director of the Board of Directors of Berger Paints Nigeria Plc. Mr. Abegunde resigned from the Board with effect from October 22, 2018

(v) Meristem Wealth Nigeria Limited

Meristem Wealth Nigeria Limited was engaged as the Company's fund manager to manage the investment of unclaimed dividend during the year. The Group Managing Director of the company is Mr. Oluwole Abegunde, and he was a non-executive director of the Board of Directors of Berger Paints Nigeria Plc. Mr. Abegunde resigned from the Board with effect from October 22, 2018.

B. Other related party transactions

The Company incorporated a subsidiary in Ghana, Lewis Berger Ghana Limited, on 23 October 2013. As at 31 December 2018, the subsidiary remained dormant and had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

30 Financial instruments – Fair values and financial risk management

(a) Classification of financial instruments and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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. As at 31 December 2018, the Company did not have financial assets and liabilities measured at fair value through other comprehensive income or fair value through profit or loss.

31 December 2018	**Carrying Amount**	**Fair value**		
In thousands of naira	**Amortized Cost**	**Level 1**	**Level 2**	**Total**
Financial assets not measured at fair value				
Other financial assets	129,213	-	-	-
Trade and other receivables	190,982	-	-	-
Cash and cash equivalents	518,864	-	-	-
	839,059	-	-	-
Financial liabilities not measured at fair value				
Loans and borrowings	366,604	-	421,190	421,190
Trade and other payables*	497,553	-	-	-
Dividend payable	352,333	-	-	-
	1,216,490	-	421,190	421,190

31 December 2017	**Carrying Amount**	**Fair value**		
In thousands of naira	**Loans and receivables**	**Level 1**	**Level 2**	**Total**
Financial assets not measured at fair value				-
Trade and other receivables	175,390	-	-	-
Cash and cash equivalents	755,747	-	-	-
	931,137	-	-	-
Financial liabilities not measured at fair value				
Loans and borrowings	454,256	-	564,480	564,480
Trade and other payables*	432,071	-	-	-
Dividend payable	321,127	-	-	-
	1,207,454	-	564,480	564,480

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

The Company has not disclosed the fair values of financial instruments such as short term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

- **Financial instruments in level 1**

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

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

- Financial instruments in level 2

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

Specific valuation techniques used to value financial instruments include:

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

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

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

(b) Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(i) Risk management framework

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

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

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

(ii) Credit risk

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

Exposure to credit risk

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

In thousands of naira	2018	2017
Trade and other receivables (See (a) below)	190,982	175,390
Cash and cash equivalents (excluding cash at hand) (See (b) below)	518,764	755,642
Other financial assets (See (b) below)	129,213	-
	838,959	**931,032**

(a) Trade and other receivables

In thousands of naira	2018	2017
Net trade and rent receivables (See a(i) below)	96,992	112,994
Deposit with company registrar (See a(ii) below)	85,610	46,400
Staff debtors (See a(iii) below)	1,814	4,312
Other receivables (See a(iii) below)	6,566	11,684
	190,982	**175,390**

In thousands of naira	2018	2017
Impairment losses on financial assets recognised in profit or loss were as follows:		
- Impairment loss on trade receivable arising from contract with customers	120,000	99,674
	120,000	**99,674**

(i) Trade receivables

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

The Company limits its credit risk from trade receivable by establishing a maximum payment of 30 and 60 days depending on the customer credit rating.

Concentration of risk

At 31 December 2018, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows;

In thousands of naira	Carrying amount 2018	2017
Wholesale customers	27,149	3,478
Retail customers	32,080	25,317
Others (Corporates)	90,068	114,331
Rent receivable	67,695	69,542
	216,992	**212,668**

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

At 31 December 2018, the ageing of trade receivables that were impaired was as follows:

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

At 31 December 2018, the ageing of rent receivables that were impaired was as follows:

			31 December 2018		
In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	14%	25,334	(3,576)	21,758
Past due 1–30 days	Yes	-	-	-	-
Past due 31–60 days	Yes	-	-	-	-
Over 61 days due	Yes	100%	42,361	(42,361)	-
			67,695	(45,937)	21,758

Comparative under IAS 39

	31 December 2017		
In thousands of naira	Gross	Impairment	Net
Neither past due nor impaired	4,316	-	4,316
Past due 1–90 days	17,632	-	17,632
Past due 91–180 days	119,910	(61,197)	58,713
Over 180 days	70,810	(38,477)	32,333
	212,668	(99,674)	112,994

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

Movement in the allowance for impairment in respect of trade receivable during the year was as follows; Comparative amounts for 2017 represent the allowance account for impairment under IAS 39.

In thousands of naira	2018	2017
Balance as at 1 January under IAS 39	99,674	92,782
Adjustment on initial application of IFRS 9 (note 3(b))	5,427	-
Balance as at 1 January under IFRS 9	105,101	92,782
Net impairment charge	14,899	6,892
Balance as at 31 December, 2018	**120,000**	**99,674**

The significant change in gross carrying amounts of trade and rent receivables which contributed to the changes in impairment allowance in 2018;-
₦6 million increase in gross trade receivables from sale of paint which contributed a ₦1.5 million decrease in impairment allowance being that atleast half of this balance is current and not past due.-
₦2 million decrease in rent receivable which contributed a ₦22 million increase in impairment allowance being that atleast half of this balance are past due and credit impaired.

(ii) Deposit with Company Registrar

This represents amounts held with the Company registrar in respect of payments of declared dividends to shareholders on behalf of the Company. This represents the Company's maximum credit exposure to the financial asset. The refund of this receivable is as stipulated by the Securities Exchange Commission's set guidelines. The Company's registrar is Meristem Registrars Limited, which has a history of reputable ratings. The Company has assessed the credit risk as low and the ECL is immaterial.

(iii) Staff debtors and other receivables

This mainly represents the rent receivable from Lagos State Internal Revenue Service, receivable from employees and accrued interest on short term deposits. These receivables are payable on demand and its contractual period is very short (less than 12 months). The Company has assessed the counter parties to have sufficient net liquid assets and are considered to be low credit risk, hence, the expected credit loss is immaterial. Consequently, the Company has not incurred impairment loss in respect of staff debtors and other receivables.

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

The Company held cash and cash equivalents of ₦518 million and other financial asset of ₦129 million as at 31 December 2018 which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks with investment grade rating and other financial institution counter parties which are rated A+ rating.

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

(iii) Liquidity risk

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

The Company uses standard costing to cost its products, which assists it in monitoring cash flow requirements and optimising 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 2018, the expected cash flows from trade and other receivables maturing within three months were ₦88.9 million (31 December 2017: ₦21.9 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:

2018			Contractual cash flows				
In thousands of naira	Carrying Amount	Total	6 months or less	6-12 months	1 – 2 years	2 – 5 years	More than 5 years
Loans and borrowings	366,604	366,604	91,514	39,336	157,344	78,410	-
Trade and other payables*	497,553	497,553	497,553	-	-	-	-
Dividend payable	352,333	352,333	352,333	-	-	-	-
	1,216,490	**1,216,490**	**941,400**	**39,336**	**157,344**	**78,410**	**-**

31 December 2017			Contractual cash flows				
In thousands of naira	Carrying Amount	Total	6 months or less	6-12 months	1 – 2 years	2 – 5 years	More than 5 years
Loans and borrowings	454,256	454,256	29,793	74,483	178,752	148,972	22,256
Trade and other payables*	432,071	432,071	432,071	-	-	-	-
Dividend payable	321,127	321,127	321,127	-	-	-	-
	1,207,454	**1,207,454**	**782,991**	**74,483**	**178,752**	**148,972**	**22,256**

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

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

(iv) Market risk

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

1. Currency risk

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

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

Exposure to currency risk

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

	31 December 2018			31 December 2017		
	USD	EURO	GBP	USD	EURO	GBP
Foreign currency included in Cash and cash equivalents	215,528	1,051	356	54,700	1,221	356
Import finance liability (See Note 26(iii))	(13,000)	-	-	-	-	-

The following significant exchange rates were applied;

	Average rate during the year		Year end spot rate	
Naira	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
USD 1	354.07	332.40	365.00	360.00
EURO 1	416.26	376.60	416.26	432.30
GBP 1	469.47	429.10	464.06	487.00

Sensitivity analysis

A reasonably possible strengthening /(weakening) of the naira against all other currencies at 31 December 2018 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast purchases.

In thousands of Naira	Profit or loss Strengthening	Weakening
2018		
USD (5% movement)	3,696	(3,696)
EURO (5% movement)	22	(22)
GBP (5% movement)	8	(8)
31 December 2017		
USD (20% movement)	985	(985)
EURO (20% movement)	26	(26)
GBP (20% movement)	9	(9)

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

In thousands of naira	2018	2017
Financial liabilities:		
Short term borrowings	109,897	73,435
Long term borrowing	256,707	380,821
	366,604	**454,256**

Fair value sensitivity analysis for fixed rate instruments.

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

Cash flow sensitivity analysis for variable rate instruments

The Company does not have any variable rate financial assets and liabilities as at 31 December, 2018 (2017: Nil).

(c) Capital management

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

The Company's adjusted net debt to equity ratio at 31 December, 2018 was as follows.

In thousands of naira	2018	2017
Total liabilities	1,722,247	1,670,279
Less: Cash and Cash equivalents	(518,864)	(755,747)
Adjusted net debt	**1,203,383**	**914,532**
Total Equity	**2,813,052**	**2,641,145**
Net debt to equity ratio	**0.43**	**0.35**

31 Operating leases

The Company leases out its investment property (see Note 16)

a. Future minimum lease payments

At 31 December, 2018 the future minimum lease payments under non-cancellable leases are receivable as follows:

In thousands of naira	2018	2017
Less than one year	53,478	53,478
Between one and five years	24,309	22,483
	77,787	**75,961**

b. Amounts recognised in profit or loss

Investment property rentals of ₦34million for the year ended 31 December, 2018 (2017: ₦48 million) was included in 'Revenue' (see note 6). Depreciation expense on the investment property was included in 'Cost of sales' (see note 10b).

32 Provision of Non Audit Services

The details of non-audit services and the applicable fees paid during the year ended 31 December, 2018 were:

		₦' million
i.	Tax services	1.82
ii	Transfer pricing advisory services	0.84
iii	New IFRS impact assessment	2.00

33 Contingencies

The Company is engaged in litigations that have arisen in the normal course of business. As at 31 December 2018, Berger Paints Nigeria Plc has three (3) pending legal cases comprising one (1) as plaintiff and two (2) as a defendant. Contingent liability in respect of pending litigations for the Company is ₦6 million as at 31 December 2018 (2017: Nil). In the opinion of the directors, it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

34 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, 2018 that have not been adequately provided for or disclosed in the financial statements.

35 Operating segments

a. Basis of segmentation

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

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

The accounting policies of the reportable segments are described in Notes 4.

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

b. Information about reportable segments

In thousands of naira	Paints and allied Products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2018					
External revenues	3,283,477	59,507	34,239	-	3,377,223
Finance income	-	-	-	31,189	31,189
Finance costs	-	-	(18,640)	(520)	(19,160)
Depreciation & amortisation	(124,177)	(1,295)	(21,025)	-	(146,497)
Net impairment loss on trade receivables	-	-	(14,899)	-	(14,899)
Reportable segment profit /(loss) before taxation	416,474	27,509	(20,325)	-	423,659

	Paints and allied Products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2017					
External revenues	2,914,694	49,500	48,454	-	3,012,648
Finance income	-	-	-	29,888	29,888
Finance costs	-	-	(17,861)	(12,095)	(29,956)
Depreciation & amortisation	(90,872)	(1,502)	(21,297)	-	(113,671)
Impairment loss on trade receivables	(6,892)	-	-	-	(6,892)
Reportable segment profit before taxation	287,767	24,600	9,296	-	321,663

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	2018	2017
Total profit or loss for reportable segments	423,659	321,663
Unallocated finance income	31,189	29,888
Unallocated finance costs	(520)	(12,095)
Profit before taxation	**454,328**	**339,456**

Other material items

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

Major customer

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

OTHER NATIONAL DISCLOSURES

VALUE ADDED STATEMENT

For the year ended 31 December 2018

In thousands of naira	2018	%	2017	%
Sales (note 6)	3,377,223		3,012,648	
Finance Income (note 8)	31,189		29,888	
Other income (note 7)	43,821		183,441	
	3,452,233		3,225,976	
Bought in materials and services				
- Imported	(246,532)		(311,134)	
- Local	(2,157,967)		(1,910,764)	
Value added	1,047,734	100	1,004,079	100
Distribution of value added				
To Employees:				
Personnel expenses	466,075	44	580,909	57
To Providers of Finance:				
Interest on loans (note 8)	(19,160)	(2)	(29,956)	(3)
To Government:				
Taxation (note 12(a))	133,819	13	93,180	9
Retained in the business as:				
Depreciation (note 10(b))	125,569	12	106,787	11
Amortisation (note 10(b))	20,922	2	6,883	1
To augment reserve	320,509	31	246,276	25
	1,047,734	100	1,004,079	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.

TRANSFORMING FOR EXCELLENCE

5 YEAR FINANCIAL SUMMARY

In thousands of naira	2018	2017	2016	2015	2014
Funds employed					
Share capital	144,912	144,912	144,912	144,912	144,912
Share premium	635,074	635,074	635,074	635,074	635,074
Fair value reserve	-	-	64,400	54,188	39,636
Retained earnings	2,033,066	1,861,159	1,759,795	1,753,156	1,640,208
Shareholder's fund	2,813,052	2,641,145	2,604,181	2,587,330	2,459,830
Current liabilities	1,285,038	1,080,532	1,306,347	1,143,703	816,531
Long term liabilities	437,209	589,747	191,737	164,837	363,784
	4,535,299	4,311,424	4,102,265	3,895,870	3,640,145
Assets employed					
Non current assets	2,889,175	2,729,446	2,541,572	1,727,602	1,564,445
Current assets	1,646,124	1,581,978	1,560,693	2,168,268	2,075,700
	4,535,299	4,311,424	4,102,265	3,895,870	3,640,145

In thousands of naira	2018	2017	2016	2015	2014
Revenue	3,377,223	3,012,648	2,602,824	3,022,264	3,082,930
Profit before taxation	454,328	339,456	271,770	565,212	249,258
Profit for the year	320,509	246,276	224,007	330,316	148,808
Other comprehensive income, net of tax	-	18,974	10,212	14,552	33,026
Declared dividend	144,912	144,912	217,368	217,368	202,876
Per 50k share data:					
Basic and diluted earnings per share (kobo)	111	85	77	114	51
Declared dividend per share (kobo)	50	50	75	75	70
Net assets per share (kobo)	10	9	9	9	8

SHAREHOLDERS' INFORMATION

SUBSTANTIAL INTEREST IN SHARES

1. The Registrars have confirmed that according to the Register of Members, the following shareholders held 5% and above of the issued share capital of the Company as at 31st December, 2018.

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

2. Active Shareholding Analysis as at 31st December, 2018

RANGE			NO. OF HOLDERS	HOLDERS %	UNITS	UNITS %	UNITS CUMM
1	-	1,000	14,816	41.93%	6,981,920	2.41%	6,981,920
1,001	-	5,000	16,374	46.35%	31,487,436	10.87%	38,469,356
5,001	-	10,000	2,159	6.11%	15,114,826	5.22%	53,584,182
10,001	-	50,000	1,583	4.48%	31,217,081	10.77%	84,801,263
50,001	-	100,000	191	0.54%	13,804,648	4.76%	98,605,911
100,001	-	500,000	167	0.47%	33,747,459	11.64%	132,353,370
500,001	-	1,000,000	25	0.07%	17,499,734	6.04%	149,853,104
1,000,001	-	5,000,000	12	0.03%	24,469,051	8.44%	174,322,155
5,000,001	-	10,000,000	1	0.00%	8,040,926	2.77%	182,363,081
10,000,001	-	ABOVE	7	0.02%	107,460,366	37.08%	289,823,447
			35,335	**100.00%**	**289,823,447**	**100.00%**	

DIVIDEND HISTORY

Members are hereby informed that Berger Paints Nigeria Plc. declared the following dividends between 1995 and 2018.

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

Unclaimed Dividend Warrants and Share Certificates

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

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

For more information please contact:
Meristem Registrars And Probate Services Limited,
213, Herbert Macaulay Way,
Adekunle Yaba, Lagos.
P. O. Box 51585, Ikoyi, Lagos.
Phone: 01-8920491-2, 0800MERISTEM
Email: info@meristemregistrars.com
Website: www.meristemregistrars.com

SCHEDULE OF UNCLAIMED DIVIDEND

S/N	Dividend Payment No	Date Declared	Payment Date	Type	Amount Declared (₦)	Dividend Per Share (₦)	Unclaimed Dividend (₦)
1	33	6/16/2009	6/17/2009	Final	65,210,275.50	30K	9,606,286.31
2	34	6/8/2010	6/9/2010	Final	108,683,792.50	50K	16,456,808.70
3	35	6/30/2011	7/4/2011	Final	152,157,309.50	70K	39,907,809.27
4	36	7/3/2012	7/4/2012	Final	152,157,309.50	70K	25,998,053.13
5	37	5/14/2013	5/21/2013	Final	152,157,309.50	70K	45,314,794.98
6	38	7/22/2014	7/22/2014	Final	202,876,412.90	70K	31,990,436.73
7	39	7/21/2015	7/23/2015	Final	217,367,585.25	75K	35,755,941.45
8	40	6/9/2016	6/13/2016	Final	217,367,585.25	75K	47,296,657.53
9	41	5/18/2017	5/23/2017	Final	144,911,723.50	50K	31,413,027.60
10	42	7/06/2018	06/08/2018	Final	144,911,723.50	50K	48,173,149.35

SHAREHOLDERS' INFORMATION

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

	Authorised Shares		Issued and Fully Paid Shares		
Date	Value (N)	Shares	Value (N)	Share	Consideration
1/9/1959	500,000	500,000	--	--	Initial share capital
4/27/1961	N500,000	500,000	50,000	50,000	Goodwill
2/10/1962	500,000	500,000	437,514	427,514	cash
6/27/1972	1,600,000	3,200,000	427,514	875,028	Increase in authorized share capital
8/1/1972	1,600,000	3,200,000	531,514	1,063,028	Asset purchased
12/21/1972	1,600,000	3,200,000	863,704	1,727,408	Bonus(2:3)
5/25/1976	6,000,000	12,000,000	863,704	1,727,408	Increase in authorized share capital
5/27/1980	7,200,000	14,400,000	7,200,000	14,400,000	Bonus(1:2)
6/12/1986	10,800,000	21,600,000	10,800,000	21,600,000	Bonus(1:2)
5/30/1989	16,200,000	32,400,000	16,200,000	32,400,000	Bonus(1:2)
5/29/1990	21,600,000	43,200,000	21,600,000	43,200,000	Cash
5/27/1992	58,200,000	116,400,000	36,600,000	73,200,000	cash
5/7/1995	76,500,000	153,000,000	54,900,000	109,800,000	Bonus (1:2)
6/1/1999	109,800,000	219,600,000	94,382,467	188,764,934	Rights Issue (1:3)
6/1/1999	109,800,000	219,600,000	94,382,467	188,764,934	Public Offer
6/5/2001	109,800,000	219,600,000	108,683,793	217,367,585	Bonus (1:7)
6/1/2004	160,000,000	320,000,000	108,683,793	217,367,585	Increase in authorized share capital
7/8/2008	400,000,000	800,000,000	108,683,793	217,367,585	Increase in authorized share capital
11/18/2013	400,000,000	800,000,000	144,911,724	289,823,447	Rights Issue (1:3)

SHAREHOLDERS' INFORMATION (CONT'D)

Consolidation of Accounts

Dear Shareholders:

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

The Company appeals to you to make efforts to consolidate your multiple accounts, more especially to facilitate the operations and to save the Company costs. We ask for your co-operation in this respect. Consolidation Form below should be sent to the Registrars, Meristem Registrars And Probate Services Limited.

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

Tear off from here

CONSOLIDATION OF ACCOUNTS FORMS

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

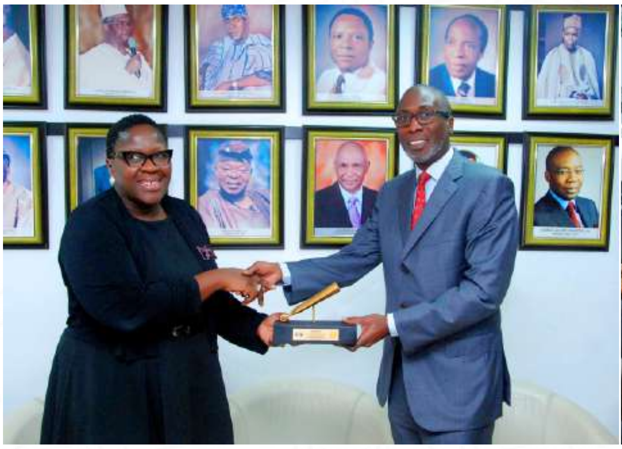
Shareholder's Signature: ______________________________ Date: ________________________

Affix Postage Stamp

CSR /CORPORATE EVENTS DURING THE YEAR

Celebrating Berger Paints @ 59th and Long service award given to one of the recipient by the Former MD/CEO and Chairman, Mr Abi Ayida in January 2018

Berger Paints 2018 Sale and Marketing conference held in November 2018.

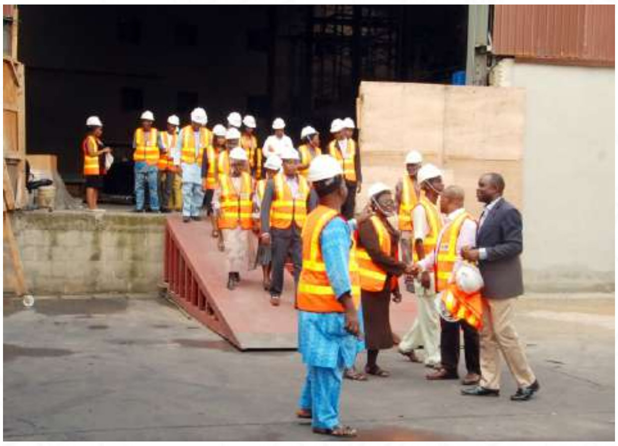


Left; Mrs Tinuade Awe, ED, Regulation division presenting the Gong to the Chairman, Berger Paints Nig Plc, Mr Abi Ayida, *Right;* Berger Paints team with NSE team on the NSE Trading Floor at the Fact behind the figures on September 24th 2018.

Berger Paints hosting Lagos State House Painters Association of Nigeria in December 2018

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

Outsourced Business Partners during the Outsourced Business Partner Forum in May 2018.



Shareholders during the Pre- Agm Forum and visit to the ongoing new factory visit inspection, May 2018.

Students of Topfaith International Secondary School during their academic visit to the company in April, 2018.

OUTSOURCED BUSINESS PARTNERS

SN	Location	Name	Address	Phone
1.	Aba	Agba Akin Enterprise	128 Aba Owerri Road, beside Kemjika Filling Station, Abia State	08037217402
2.	Abeokuta	Tomitz Integrated Service Ltd	Laffro House, beside Hassan Furniture, Moshood Abiola Way, Abeokuta, Ogun State.	08077423937, 08158867617
3.	Abuja 1	Khafadez Resources Ltd.	6, Alexandria Crescent, Wuse II, Beside Berger Plaza, F.C.T. Abuja	07031720041
4.	Abuja 2	Khafadez Resources Ltd.	Barrister Place, Tomato Junction, Deidei, Abuja FCT	07031779332, 07031720041
5.	Abuja 3- Garki	Luvi Nig. Ltd.	Keana House, 3, Lagos Crescent, Garki 2 FCT, Abuja	09062099920
6.	Agbor	De-Ama Ventures	Imafidonia Plaza, 203 Old Lagos-Asaba Road by Owa-Ekei junction, Boji-Boji, Owa Agbor, Delta State.	09031611023, 09026636900
7.	Akure	FFB Ventures Ltd	102 Oyemekun Rd, opposite Oyemekun Grammar School Akure	07031720051
8.	Asaba	De Ama Ventures	No. 379, Nnebisi Road, Asaba, Delta State	09062099917
9.	Awka	Synopsis Global Network Ltd	KM 20 Enugu/Onitsha Express Road, opp Crunches Eatery, Unizik Junction, Awka	09062099919
10.	Bauchi	Gimex Ltd	Shop 40 & 41 Powa Shopping Complex Along Dass road,Yewa, Bauchi, Bauchi State.	07057311237, 08037324100
11.	Benin	Tesan Technical	134, Murtala Mohammed Way, Benin City, Edo State	08035030263
12.	Calabar	Great AJFC Nig. Ltd.	14, Murtala Mohammed Way, Calabar	08033061825,07031720042, 08055349686,08055554820
13.	Calabar 2	Great AJFC Nig. Ltd.	Plot 214,First Avenue,state housing estate,Calabar	08033061825,07031720042, 08055349686,08055554820
14.	Ekiti	Fomkab Ventures	11 Federal Housing Estate, Along Afao Road, Ado Ekiti	08068873214
15.	Enugu	Synopsis Global Network Ltd.	No. 33, Abakaliki Road, GRA, Enugu	09062099919
16.	Ibadan 1	Arigbamu Ogo Oluwa	1, Azeez Aina Street, Off Ring Road, Ibadan, Oyo State	07031720043

OUTSOURCED BUSINESS PARTNERS (CONT'D)

17.	Ibadan 2	Arigbamu Ogo Oluwa	Inside Debistol Oil, Olopomeji Bus Stop, Opposite Wetlands Hotel, Akobo, Ibadan. Oyo State	07031720043
18.	Ibadan 3	Arigbamu Ogo Oluwa	Abu Plaza,Elebu Market Road, Off Akala Express,Elebu Oluyole Extention,Ibadan	07031720043
19.	Ilorin	Everstplus Limited	No 4 Ifelodun Street, Off Asa Dam Road, Offa Garage, Ilorin	07031720077
20.	Jos	Splendid TSY Nig. Ltd.	1A, Constitution Hill Road, Opposite Pirelli Tyres, Jos, Plateau State	07031720046
21.	Kaduna	De-Joescon Enterprise	1440, Kachia Road, Kaduna, Kaduna State	07031720045
22.	Kano	Aikawa General Merchants	4, Ajasa Street, Off Civic Centre Road, Kano State	08131758058
23.	Kano 2	Aikawa General Merchants	No 19 Murtala Mohammed Way, Kano State	08131758058
24.	Lagos 1- Ikeja	Sowerscreed Ventures	102, Oba Akran Avenue, Ikeja Industrial Estate	08033030157
25.	Lagos 2-Lekki/Ajah	Spinetti Multiservice Global Co. Ltd	KM 16, Lekki Epe Expressway Osapa London (Beside Skye Bank)	08096555115
26.	Lagos 3-Ibeju/Epe	Ladii Ventures	KM 30, Lagos Epe Expressway Casia Estate, Abijo GRA	08172452822
27.	Lagos 4- Lagos/ Ibadan Express	Moyinson Ltd	Berger Place, Along Lagos-Ibadan Express Way, beside Lagos State Accident & Emergency Office	07031343157
28.	Lagos 5- Ikorodu	Forty40 Intl. Ltd.	No. 16, TOS Benson Road, Ebute Ikorodu, Lagos	09062099918
29.	Lagos 6- Allen	Sowerscreed Ventures	91 Allen Avenue, Ikeja Lagos	08033030157
30.	Lagos 7 - Festac	Sowerscreed Ventures	Plot 3,Block 18b Amuwo Odofin by Apple Junction, Lagos	08033030157
31.	Lagos 8 – Lekki Phase 1	Rex Anthony Multiventure	18c Ben Okagbue Street,Lekki Phase1	07031288836
32.	Maiduguri	Kawu Tijani & Sons Ltd.	105, Baga Road, Maiduguri, Borno State	08037012975
33.	Makurdi 1	Hallowed International Ventures Ltd.	321 Road, off 3rd Ave. Road, by 32 Crescent, Gwarinpa Cornershop, Gwarinpa Estate, Abuja	08036054493

34.	Makurdi 2	Kennyken Fabrication Services Ltd.	Opposite Garden of Elden Modern Market Road, Makurdi, Benue State	07039255879
35.	Markudi 3	Kennyken Fabrication Services Ltd.	12, Modern Market road,Markurdi, Benue State	07039255879
36.	Minna	Khafadez Resources Ltd.	SM3, Ahamadu Bahago Plaza, Tunga, Minna	07031720041
37.	Nasarawa	Khafadez Resources Ltd.	Pentagon Plaza, Bukan Sidi, Beside Investment House Jos Road, Lafia	07031720041
38.	Nasarawa 2	Khafadez Resources Ltd.	Suite A001 Emmado Plaza,Sharp Corner,Maraba,Nasarawa State.	07031720041
39.	Onitsha	Amor Dei West Africa	104, Akwa Road, Onitsha, Anambra State	08033138220
40.	Onitsha 2	Amor Dei West Africa	KM 20 Enugu/Onitsha Express Road,Opp,Crunches Eatery, Unizik Junction, Awka.	08033138220
41.	Onitsha 3	Amor Dei West Africa	No 35,Blossom Plaza, Onitsha Owerri Road Nnewi	08033138220
42.	Oshogbo	H-Pola Foundation	Beside Iyana Camp, Opposite NNPC, Ota Efun, Ikirun Road, Oshogbo-Osun State	08139690055
43.	Owerri	Lato Universal	51/65 Mbaise Road, by Wetheral/Fire Service Roundabout, Owerri	08034458797
44.	Port Harcourt	Parttracker Ltd.	42 Old Aba Road by Artillery Junction, Port Harcourt	07031720047
45.	Port Harcourt 2	Tesan Optimum	No 70, Ordinance Road, Trans - Amadi Industrial Layout, Port Harcourt, River State	08131758060
46.	Sokoto	Sariking Nig. Ltd.	13, Ahmadu Bello Way, Sokoto	09062099921
47.	Suleja	Splendid TSY Nig. Ltd.	Shop 8, Kwakwansh Plaza, Mandalla Road, Suleja, Niger State	07031720046, 08080058308
48.	Uyo	Sal-Aadis Global Resources	No 51, Ikot Ekpene Road	08065260072
49.	Warri	Tesan Technical	111, Warri-Effurun Road, Warri, Delta State	08035030263
50.	Warri 2	Tesan Technical	Km 5, Refinery Road, Warri Delta State	08035030263
51.	Warri 3	Tesan Technical	Km 2 Okpe Road, Osubi, Behind Victory Joe Filling Station, Delta State.	08035030263

MAJOR SUPPLIERS

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

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

Affix Current Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

MERISTEM
REGISTRARS AND PROBATE SERVICES LIMITED

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

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

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

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company's Name First Name Other Names

Address:

City State Country

Previous Address (If address has changed)

CHN CSCS A/c No

Name of Stockbroker

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

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

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

Mail to:

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

...enduring beauty and protection

BERGER PAINTS NIGERIA PLC {RC 1837}

PROXY FORM

For The 59th Annual General Meeting To Be Held at Sheraton Lagos Hotel, 30 Mobolaji Bank Anthony Way, Maryland, Ikeja, Lagos State On Thursday, May 23, 2019 at 11 a.m.

I/We ……………………………………………………………………………………

(*Name of Shareholder in block letters*)

The undersigned, being a member of the above-named Company

hereby appoint ……………………………………………………………………… or failing him the Chairman of the meeting as our Proxy to vote for us and on our behalf at the Annual General Meeting of the Company to be held on May 23, 2019 and at any adjournment thereof."

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

Dated this ………………… Day of ………………………………., 2019

Signature ……………………………………………………………………..

NOTES:

1. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof must reach the Company's Registrars (Meristem Registrars and Probate Services Limited, 213, Herbert Macaulay Way, Yaba, Lagos State or info@meristemng.com) , not later than 48 hours before the time for holding the meeting.

2. Where the appointer is a corporation, this form may be under seal or under the hand of any officer or attorney duly authorized.

3. In the case of joint holders, the signature of anyone of them wi ll suffice, but the names of all joint holders should be shown.

4. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (not adhesive postage stamps) from the Stamp Duties Office.

We desire this proxy in to be used favor of/or against the resolution as indicated alongside.

	Resolution	For	Against
	1] To Receive the 2018 Audited Financial Statements and Accompanying Reports		
	2] To declare a Dividend		
	3] To elect Mr. Anjan Sircar as Director		
	4a] To re-elect Chief Musa Danjuma as Director		
	4b] To re-elect Mr Kunle Olowokande as Director		
	5] To fix the remuneration and expenses of the Company's auditor		
1.	6] To Appoint Statutory Audit Committee Members		
2.	7] To Approve remuneration of Directors		
3.	8] To approve retirement benefits to former directors		
4.	9] To renew general mandate general mandate given to the Company to enter into recurrent transactions with related parties		
	Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.		

Mail to:

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

ADMISSION FORM

Before posting the above form please tear off this part and retain it for admission to the meeting.

BERGER

...enduring beauty and protection

BERGER PAINTS NIGERIA PLC {RC 1837}

59th ANNUAL GENERAL MEETING

To Be Held at Sheraton Lagos Hotel,
30 Mobolaji Bank Anthony Way, Maryland, Ikeja, Lagos State
On Thursday, May 23, 2019 at 11 a.m.

*Name of Shareholder

____

*Name of Proxy ____
(IF YOU ARE UNABLE TO ATTEND THE MEETING)

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

IMPORTANT
Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the Company or not, except for the Chairman of the Company, who will attend the meeting and vote on your behalf.

Mail to:

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