Berger Paints Nigeria Plc

Third Quarter Interim Financial Statement Report

30 september 2016

Contents

Financial Highlights

	Nine Month Ended 30 Sept 2016	Nine Month Ended 30 Sept 2015	%
	=N= 000	=N= 000	
Revenue	1,952,327	2,152,479	(9)
Gross profit	708,474	953,125	(26)
Operating profit / (loss)	29,182	288,933	(90)
Profit before income tax	50,344	303,381	(83)
Profit after tax	34,234	206,299	(83)
Share capital	144,912	144,912	-
Total equity	2,404,196	2,448,761	(2)
Data per 50k share			
Basic earnings per share (kobo)	12	71	(83)
Declared dividend*	-	-	
Net assets per share	9	9	

Statement of Financial Position

As at 30 September 2016

	Notes	30-Sep 2016	Audited 31-Dec 2015
		=N=000	=N=000
Assets			
Property, plant and equipment	11	1,125,230	1,046,326
Investment property	12	492,983	509,157
Available-for-sale investments	13	172,119	172,119
Total non-current assets		1,790,332	1,727,602
Inventories	14	452,664	459,526
Trade and other receivables	15	196,272	266,060
Deposit for imports	16	70,995	70,995
Prepayments and advances	17	891,256	770,946
Cash and cash equivalents	18	237,184	600,741
Total current assets		1,848,371	2,168,268
Total assets		**3,638,703**	**3,895,870**
Equity			
Share capital	19(a)	144,912	144,912
Share premium	19(b)	635,074	635,074
Fair value reserve	19(c)	54,188	54,188
Retained earnings	19(d)	1,570,022	1,753,156
Total equity		2,404,196	2,587,330
Liabilities			
Loans and borrowings	22	79,528	92,952
Deferred tax liabilities	9(e)	75,652	75,652
Total non-current liabilities		155,180	168,604
Retirement benefit obligations	25(b(i))	158,067	182,140
Current tax liabilities	9(d)	143,259	219,629
Trade and other payables	20	416,596	447,539
Deferred income	21	90,888	20,060
Dividend payable	24	270,517	270,568
Total current liabilities		1,079,327	1,139,936
Total liabilities		1,234,507	1,308,540
Total equity and liabilities		**3,638,703**	**3,895,870**

Approved by the Board of Directors on 24 September 2016 and signed on its behalf by:

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

--- Oguntade Modupe Florence (FRC/2013/ICAN/00000002246)
- Head of Finance

The accompanying notes form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 September 2016

	Notes	Three Month Ended 30-Sep **2016**	Three Month Ended 30-Sep **2015**	Nine Month Ended 30-Sep **2016**	Nine Month Ended 30-Sep **2015**
		=N=000	=N=000	=N=000	=N=000
Revenue	4	528,124	740,309	1,952,327	2,152,479
Cost of sales	7(b)	(345,959)	(378,880)	(1,243,853)	(1,199,354)
Gross profit		182,165	361,429	708,474	953,125
Other income	5	13,934	45,319	101,534	135,776
Selling, Marketing and distribution expenses	7(b)	(45,697)	(94,075)	(147,775)	(86,178)
Administrative expenses	7(b)	(217,921)	(256,585)	(633,051)	(713,790)
Operating profit		(67,519)	56,088	29,182	288,933
Finance income	6	5,582	13,039	27,604	28,614
Finance costs	6	(860)	(3,062)	(6,442)	(14,166)
Net finance income		4,722	9,977	21,162	14,448
Profit before taxation		(62,797)	66,065	50,344	303,381
Income tax expense	9(a)	-	(21,141)	(16,110)	(97,082)
(Loss) / Profit for the period		(62,797)	44,924	34,234	206,299
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Available-for-sale financial assets - net change in fair value		0	0	**0**	0
Related tax		0	0	**0**	0
			0	**0**	0
Other comprehensive income for the year		0	0	**0**	0
Total comprehensive income		**(62,797)**	**44,924**	**34,234**	**206,299**
Earnings per share:					
Basic earnings per share (kobo)	10	(22)	16	12	71

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Attributable to equity owners of the company
For the period ended 30 September 2016

	Note	Share capital	Share premium	Fair value reserve	Retained earnings	Total equity
		=N= 000	=N= 000	=N= 000	=N= 000	=N= 000
Balance at 1 January 2016		**144,912**	**635,074**	**54,188**	**1,753,156**	**2,587,330**
Comprehensive income for the year						
Profit for the year		-	-	-	34,234	34,234
Other Comprehensive income	9(b)	-	-	-	-	-
Total comprehensive income for the year		-	-	-	34,234	34,234
Transactions with owners, recorded directly in equity						
Dividend paid	24	-	-	-	(217,368)	(217,368)
Total transactions with owners		-	-	-	(217,368)	(217,368)
Balance at 30 September 2016		**144,912**	**635,074**	**54,188**	**1,570,022**	**2,404,196**
Balance at 1 January 2015		**144,912**	**635,074**	**39,636**	**1,640,208**	**2,459,830**
Comprehensive income for the year						
Profit for the year		-	-	-	330,316	330,316
Other Comprehensive income	9(b)	-	-	14,552	-	14,552
Reclassification of net gains previously recognised in OCI	19(c)	-	-	14,552	330,316	344,868
Total comprehensive income for the year						
Transactions with owners, recorded directly in equity		-	-	-	(217,368)	(217,368)
Dividend paid	24	-	-	-	(217,368)	(217,368)
Balance at 30 September 2015		**144,912**	**635,074**	**54,188**	**1,753,156**	**2,587,330**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

For the period ended 30 September 2016

	Note	30-Sep **2016**	30-Sep **2015**
		=N= 000	=N= 000
Cash flows from operating activities			
Profit for the period		34,234	206,299
Adjustments for:			
- Depreciation	11(a) & 12	97,991	90,468
- Finance income	6	(27,604)	(28,614)
- Finance cost	6	(6,442)	21,249
- Dividend received		0	0
- (Gain) / loss on sale of property, plants and equipment	7(a)	(470)	(5,744)
- Capital work-in-progress written-off	11	0	0
- Service cost on defined benefit obligation	25(b(i))	0	23,364
- Curtailment gain on retirement benefit obligations	25(b(i))	0	0
- Tax expense		(143,259)	97,082
		(45,550)	404,104
Changes in:			
- (Increase) / Decrease in Inventory		6,862	57,678
- (Increase) / Decrease in Trade and other receivables	15(c)	69,788	213,484
- (Increase) / Decrease in Prepayments and advances		(120,310)	(17,046)
- Increase / (Decrease) Trade and other payables	20(b)	(30,943)	28,530
- Decrease in current tax liabilities		0	0
- Increase in retirement benefits obligations		(24,073)	(13,406)
- Deposit for imports		(70,995)	(255,660)
- Increase/ (Decrease) in borrowings		(13,424)	2,917
- Decrease in other liabilities		0	0
- Decrease in deferred taxation		0	0
- Increase in tax liabilities		0	0
- Deferred income			
Cash used in generated from operating activities		(228,645)	420,601
Retirement benefits paid	25(b(i))		0
Tax paid	9(d)	0	0
Net cash used in operating activities		(228,645)	420,601
Cash flows from investing activities			
Purchase of property plant and equipment	11(g)	(164,409)	(95,074)
Proceeds from sale of property, plants and equipment		8,422	5,744
Finance income	6	27,604	28,614
Proceeds from disposal of available-for-sale investments	13	-	-
Net cash (used in) / generated from investing activities		(128,383)	(60,716)
Cash flows from financing activities			
Repayment of borrowings			-
Finance cost		(6,442)	(21,249)
Dividend paid	24	0	(217,368)
Net cash (used in) / from financing activities		(6,442)	(238,617)
Net (decrease) / increase in cash and cash equivalents		(363,557)	121,268
Cash and cash equivalents at 1 January		600,741	421,878
Cash and cash equivalents	18	237,184	543,146

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

For the period ended 30 September 2016

Notes to the Financial Statements

For the period ended 30 September, 2016

1 Reporting Entity

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

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

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB). The financial statements were authorised for issue by the Board of Directors on 21 April 2016.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the following:
- available-for- sale financial assets measured at fair value.
- the present value of defined benefit obligation relating to the unfunded defined benefit scheme

(c) Functional and presentation currency

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

(d) Use of estimates and judgment

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

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

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

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

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

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

(e) Measurement of fair values

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 28 – Financial risk management and financial instruments.

3 Significant Accounting Policies

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

A. Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction.

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

B. Financial instruments

i. Non-derivative financial assets

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

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

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

<u>Loans and receivables</u>

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

i <u>Available-for-sale financial assets</u>

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

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

<u>Cash and cash equivalents</u>

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

ii. Non-derivative financial liabilities

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

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

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

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

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

C. Capital and other reserves

i. Share capital

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

ii. Share premium

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

iii. Retained earnings

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

iv. Fair value reserve

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

D. Property, plant and equipment

i. **Recognition and measurement**

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

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

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

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

ii. **Subsequent costs**

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

iii. **Derecognition**

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

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

iv. **Depreciation**

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

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

Leasehold land is depreciated over the lease period

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

E. Investment property

i. **Recognition and measurement**

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

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

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

ii. **Subsequent costs**

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

iii. **Depreciation**

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

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

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

• Buildings	–	20 years
• Leasehold land	–	99 years

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

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.

iii. **Transfers**

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

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

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

F. Impairment

i. Financial assets

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

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

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

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

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

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

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

ii. Non-financial assets

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

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

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

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

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

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

G. Contingent liabilities and contingent assets

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

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

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

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

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

H. Provisions

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

I. Employee benefits

i. Defined contribution plan

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

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

ii. Defined benefit gratuity scheme

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

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

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. HR Nigeria Limited (FRC/NAS/00000000738) was engaged as the independent acuary in the current and prior years. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in Other Comprehensive Income (OCI). The effect of any curtailment is also charged in full in profit or loss immediately the curtailment occurs. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

ii. Short-term employee benefits

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

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

iii. Termination benefits

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

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

J. Inventory

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

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

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

K. Revenue

(i) Sale of goods

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

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

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

(ii) Rendering of service - supply and apply services contract

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

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

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

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

(iii) Investment property rental income

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

L. Finance income and finance costs

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

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

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

M. Income tax

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

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

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

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

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

N. Earnings per share

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

O. Leases

(i) Determining whether an arrangement contains a lease

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

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

(ii) Lease assets

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

(iii) Lease payments

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

P. Statement of cashflows

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

Q. Operating Segment

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

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

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

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

R. Dividends

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

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

S. Prepayments and advances

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

T. Deposit for imports

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

U. Investment in subsidiary

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

V. Related party transactions

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

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company.

(ii) the Company and the party are subject to common control

(iii) the party is an associate of the Company or a joint venture in which the Company is a venture.

(iv) the party is a member of key management personnel of the Company or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals.

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post – employment benefit plan, which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

(vii) close family members of an individual are those family members who may be expected to influence, or be influenced by that individual in their dealings with the entity.

W. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after1 January 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below:

– Disclosure Initiative (Amendments to IAS 1)

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

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

– IFRS 15 – *Revenue from contracts with customers*

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard may have a significant impact on the Company, which may include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

– IFRS 9 - *Financial Instruments*

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

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

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

– IFRS 16 - *Leases*

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

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

X. New currently effective requirement

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

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

4 Revenue

(a) Revenue for the year comprises:

	Three Month Ended		Nine Month Ended	
	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
	=N= 000	=N= 000	=N= 000	=N= 000
Paints and allied products	528,124	740,309	1,952,327	2,152,479
Contract revenue	0			0
Investment property rental income	0			0
Total revenue	528,124	740,309	1,952,327	2,152,479

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

	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
	=N= 000	=N= 000	=N= 000	=N= 000
Local (Nigeria)	528,124	740,309	1,952,327	2,152,479
Exports	-	-	0	0
Total revenue	528,124	740,309	1,952,327	2,152,479

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

5 Other income

Other income comprises:

	Three Month Ended		Nine Month Ended	
	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
	=N= 000	=N= 000	=N= 000	=N= 000
Sale of scrap / empty drums	3,563	6,208	13,405	7,706
Raw material sales	16	-	98	
Rental income on property subleases	10,076	20,225	26,772	59,100
Profit from disposal of property, plants and equipment		5,744	500	5,744
Insurance claims received	0	(3,143)	2,818	3,912
Contract revenue	0	16,285		59,314
Tax savings		0	54,740	
Sale of diesel oil	279	-	3,201	-
	13,934	45,319	101,534	135,776

6 Finance income and finance cost

Recognized in profit or loss:

In thousands of naira	Three Month Ended		Nine Month Ended	
	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
	=N= 000	=N= 000	=N= 000	=N= 000
Interest income on bank deposits	5,582	13,039	27,604	28,614
Exchange gain	0			-
Reclassification of net gains previously recognised in OCI (Note 19(c))	-			0
Unwinding of discount on financial liabilities measured at amortised cost	0			-
Finance income	5,582	13,039	27,604	28,614
Interest expense on short term borrowings	-			0
Interest cost on defined benefit obligation	0			0
Interest expense on financial liabilities measured at amortised costs	(860)	(3,062)	(6,442)	(14,166)
Finance cost	(860)	(3,062)	(6,442)	(14,166)
Net finance income recognised in profit or loss	4,722	9,977	21,162	14,448

7 Profit before tax

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

	Three Month Ended		Nine Month Ended	
	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
	=N= 000	=N= 000	=N= 000	=N= 000
Directors' remuneration	33,450	7,336	59,798	17,344
Depreciation	32,006	39,821	97,991	50,609
Personnel expenses	85,237	28,822	281,325	43,552
Auditor's remuneration	4,900	11,875	13,900	11,875
Profit / (loss) on disposal of property, plant and equipment	0	4,229	(470)	5,744

(b) Analysis of expenses by nature

	Three Month Ended		Nine Month Ended	
	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
	=N= 000	=N= 000	=N= 000	=N= 000
Directors emoluments	33,450	8,769	59,798	32,061
Personnel expenses	85,237	145,304	281,325	317,888
Training expenses	4,786	1,926	10,213	7,905
Repairs and maintenance	6,457	10,782	19,674	24,806
Office and corporate expenses	(7,243)	9,198	63,582	82,211
License and permits	(642)	10,747	2,434	24,247
Utilities	1,377	5,742	9,993	11,817
Insurance	1,357	2,342	7,751	4,988
Travel, transport and accommodation	11,866	7,016	17,507	37,375
Gratuity and Pension	16,899	29,883	31,761	44,613
Subscription and donation	4,769	(1,877)	7,933	5,841
Depreciation	18,602	719	56,802	50,609
Printing and stationery	1,650	3,357	3,459	6,575
Legal and professional fees	26,766	16,705	41,606	45,182
Auditor's remuneration	9,400	3,875	13,900	11,875
Bank charges	3,190	2,097	5,313	5,797
	217,921	256,585	633,051	713,790

Summarised as follows;

	Three Month Ended		Nine Month Ended	
	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
	=N= 000	=N= 000	=N= 000	=N= 000
Variable Production cost	209,610	239,212	815,784	873,405
Discount	66,608	66,509	246,203	155,941
Salaries & Allowances	31,224	33,925	98,551	85,871
Canteen/Meal Subsidy	1,120	1,761	4,063	4,156
Electrical	2,862	1,885	11,478	5,266
Other expenses	335	974	1,012	2,576
Factory Insurance	963	1,727	2,269	5,789
Leave Allowance	1,015	2,653	4,365	5,284
Local transport/hotel	930	2,658	2,215	4,776
Repairs & Maintenance	3,978	10,867	15,540	12,102
Research & Dev	0	0	120	14
Staff welfare	306	1,106	618	3,748
Office Exp - Telephone/Printing	315	520	445	566
Depreciation	26,692	15,083	41,189	39,860
Cost of sales	**345,959**	**378,880**	**1,243,853**	**1,199,354**

	=N= 000	=N= 000	=N= 000	=N= 000
Marketing Expenses	18,617	156,964	69,745	6,130
Distribution Expenses	8,515	(70,267)	25,010	34,088
Selling Expenses	18,564	7,378	53,019	45,960
Selling and distribution expenses	**45,697**	**94,075**	**147,775**	**86,178**

(c) Auditor's remuneration comprise the following:

In thousands of naira	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
Audit fees	4,500	2,625	13,500	11,875
Other non-audit fees		0	400	0
	4,500	2,625	13,900	11,875

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

			Three Month Ended		Nine Month Ended	
			30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
₦		₦	Number	Number	Number	Number
1	-	500,000				0
500,001	-	1,000,000	48	80	48	80
1,000,001	-	1,500,001	91	90	91	90
1,500,001	-	2,000,001	29	27	29	27
2,000,001	-	3,000,001	12	10	12	10
3,000,001	and	above	16	15	16	15
			196	222	196	222

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

	Three Month Ended		Nine Month Ended	
	30-Sep 2016	30-Sep 2015	30-Sep 2016	30-Sep 2015
	Number	Number	Number	Number
Production	46	45	46	48
Sales and marketing	62	68	62	77
Finance	15	19	15	17
Administration	13	9	13	13
Maintenance	10	11	10	11
Corporate	4	10	4	6
Procurement	4	4	4	3
Distribution	13	17	13	15
I.T.	3	3	3	3
Technical	14	13	14	17
Raw materials	12	9	12	12
	196	208	196	222

9 Taxation

a) The tax charge for the period 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	30-Sep 2016	30-Dec 2015
	=N= 000	=N= 000
Current tax expense:		
Company income tax	19,820	143,849
Tertiary education tax	1,321	11,962
	21,141	155,811
Back duty assessment	0	35,152
Charge for the year	21,141	190,963
Deferred tax expense:		
Origination and reversal of temporary differences	-	43,933
	0	43,933
Income tax expense	**21,141**	**234,896**

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

b) Amounts recognised in other comprehensive income:

In thousands of naira	2016 Before tax	2016 Tax expense	2016 Net of tax	2015 Before tax	2015 Tax expense	2015 Net of tax
Actuarial gains on staff retirement benefit plan	-	-	-	-	-	-
Fair value change on AFS financial assets	0	0	0	20,788	(6,236)	14,552
	0	0	0	20,788	(6,236)	14,552

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

In thousands of naira

	30-Sep 2016	31-Dec 2015
	=N= 000	=N= 000
Balance, beginning of the year	219,629	108,210
Current period charge	16,110	190,963
Cash payments		(35,151)
Other tax adjustments		
WHT credit notes utilised	-	-
	235,739	264,022
Offset of current tax assets against current tax liabilities	(92,480)	(44,393)
Balance, end of the period	143,259	219,629

e) Movement in deferred tax balances

	Balance at 1 January	Recognised in profit or loss	Recognised in Other comprehensive income	Balance at 30 September		
				Net	Deferred tax assets	Deferred tax liabilities
2016	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000
Property, plant and equipment	25,483	43,933	6,236	75,652	(93,128)	168,780
Provisions						
Acturial (gains)/losses on staff retirement benefit plan						
Available-for-sale financial assets - net change in fair value						
Net tax (assets) liabilities	25,483	43,933	6,236	75,652	(93,128)	168,780
2015				Balance at 31 December		
Property, plant and equipment	93,568	27,843	-	121,411	-	121,411
Provisions	(109,218)	16,090	-	(93,128)	(93,128)	-
Acturial (gains)/losses on staff retirement benefit plan	31,501	-	-	31,501	-	31,501
Available-for-sale financial assets - net change in fair value	9,632	-	6,236	15,868	-	15,868
Net tax (assets) liabilities	25,483	43,933	6,236	75,652	(93,128)	168,780

10 Earnings and declared dividend per share

(a) Basic earnings per share

Basic earnings per share of 12 kobo (2015: 71 kobo) is based on the profit for the period of ₦28,794 million (2015: ₦206,299 million) and on 289,823,447 (2015: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year calculated as follows;

	30-Sep 2016	30-Sep 2015
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 January	289,823,447	289,823,447
Effect of ordinary shares issued during the year	-	-
Weighted average number of ordinary shares	289,823,447	289,823,447

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

11 Property Plant and equipment

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

	Leasedhold Land	Building	Plant and Machinery	Office furniture and fittings	Motor Vehicles	Computer Equipment	Capital work--in-progress	TOTAL
Cost	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000
Balance at 1 January 2016	496,650	372,740	349,807	52,391	279,825	134,261	189,586	1,875,260
Additions	-	-	10,071	4,815	14,760	5,258	129,505	164,409
Write off	-	-	-	-	-	-	-	0
Disposals	-	-	0	(4,870)	(6,255)	(2,776)	-	(13,901)
Balance at 30 September 2016	496,650	372,740	359,878	52,336	288,330	136,743	319,091	2,025,768
Accumulated depreciation								
Balance at 1 January 2016	97,983	184,345	186,780	39,682	190,147	129,997	-	828,934
Charge for the year	156	26,311	15,960	305	24,850	2,737	-	70,319
Disposals	0	-	0	456	586	243	-	1,285
Balance at 30 September 2016	98,139	210,656	202,740	40,443	215,583	132,977	0	900,538
Carrying amounts								
At 30 September 2016	398,511	162,084	157,138	11,893	72,747	3,766	319,091	1,125,230
At 31 December 2015	398,667	188,395	163,027	12,709	89,678	4,264	189,586	1,046,326

(c) **Assets pledged as security**

No asset of the company was pledged as security for loan as at 30 September 2016 (2015: Nil)

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

There are no indicators of impairment as at period end. Thus, the directors are of the opinion that allowance for impairment is not required. No impairment loss is recognised for the year (2015: Nil).

(d) **Capital commitments**

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

	2016	2015
	=N= 000	=N= 000
Approved and contracted	0	337,166
Approved but not contracted	0	202,000
	0	539,166

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

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

In thousands on naira	2016	2015
	=N= 000	=N= 000
Plant and machinery	319,091	189,586
	319,091	189,586

12 Investment property

The movement on these accounts was as follows:

	30-Sep 2016	Audited 31-Dec 2015
Cost	=N= 000	=N= 000
Balance at 1 January	604,468	604,468
Balance	604,468	604,468
Accumulated depreciation		
Balance at 1 January	95,311	70,312
Charge for the year	16,174	24,999
Balance	111,485	95,311
Carrying amounts	492,983	509,157

Investment property comprises the Company's land and building at Abuja (hereinafter referred to as Berger Paints Plaza). The Company completed and commissioned the Berger Paints Plaza in November 2013. The Plaza is made up of 50 units of trade shops and offices available for commercial rent. The property has been leased to third parties and is managed on behalf of the Company by Gauge Construction Servicing Limited (GCS).

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

13 Available-for-sale investments

This comprises the following:

	30-Sep 2016	Audited 31-Dec 2015
	=N= 000	=N= 000
Equity	148	148
Treasury bills	129,129	129,129
Money market instruments	42,842	42,842
	172,119	172,119

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

Balance at 1 January	172,119	151,331
Disposal of invesments	-	-
Fair value change on investments	0	20,788
	172,119	172,119

14 Inventories

	30-Sep 2016	31-Dec 2015
	=N= 000	=N= 000
Raw materials	282,400	271,990
Work-in-progress	11,305	9,142
Finished goods	175,831	192,062
Engineering spares	8,333	13,399
Consumables	7,069	5,207
	484,938	491,800
Impairment allowance	(32,274)	(32,274)
	452,664	459,526

15 Trade and other receivables

(a)

	30-Sep 2016	Audited 31-Dec 2015
	=N= 000	=N= 000
Trade receivables	218,781	369,694
Staff debtors	7,348	10,705
Accrued income	20,517	2,604
Deposits		
Other receivables	36,165	11,343
Gross trade and other receivables	282,811	394,346
Impairment allowance	(86,539)	(128,286)
	196,272	266,060

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

In thousands of naira	30-Sep 2016	31-Dec 2015
	=N= 000	=N= 000
Balance at 1 January	128,286	119,388
Impairment loss recognised	0	8,898
Amounts written off during the year	(41,747)	-
	86,539	128,286

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

	2016	2015
	=N= 000	=N= 000
Movement in trade and other receivables	69,788	213,989
WHT credit notes utilised (Note 9(d))	-	-
Offset of current tax assets against current tax liabilities (Note 9(d))	(92,480)	(44,393)
Net loss on foreign exchange transactions (Note 6)	-	40,145
Changes in trade and other payables per statement of cash flows	(22,692)	209,741

16 Deposit for imports

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

17 Prepayments and advances

	30-Sep 2016	Audited 31-Dec 2015
	=N= 000	=N= 000
Prepaid rent	(700)	3,788
Advance payment to suppliers*	682,237	683,459
WHT Recoverable		16,846
Deposit for clearing charges	74,080	63,773
Other advances	135,639	3,080
	891,256	770,946

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

18 Cash and cash equivalents

	30-Sep 2016	Audited 31-Dec 2015
	=N= 000	=N= 000
Cash on hand	2,132	1,657
Balance with banks	10,462	196,633
Short term deposits with banks	224,590	402,451
	237,184	600,741

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

19 Capital and reserves

(a) Ordinary shares

	30-Sep 2016	Audited 31-Dec 2015
	=N= 000	=N= 000
Authorised 800,000,000 ordinary shares of 50k each	400,000	400,000

Issued and fully paid ordinary shares of 50k each

	=N= 000	=N= 000
At 1 January	144,912	144,912
	144,912	144,912

(b) Share premium

	30-Sep 2016	Audited 31-Dec 2015
	=N= 000	=N= 000
At 1 January	635,074	635,074
	635,074	635,074

(c) Fair value reserve

	2016	2015
	=N= 000	=N= 000
At 1 January	54,188	39,636
Transferred on disposal of AFS investments		-
Fair value change on AFS investments		20,788
Related tax on gains on AFS investments (Note 9(b))		(6,236)
	54,188	54,188

(d) Retained Earnings

	2016	2015
	=N= 000	=N= 000
At 1 January	1,753,156	1,640,208
Profit for the period	34,234	330,316
Dividend paid	(217,368)	(217,368)
	1,570,022	1,753,156

20 Trade and other payables

	30-Sep 2016	Audited 31-Dec 2015
	=N= 000	=N= 000
(a) Trade payables	73,446	218,567
Customer deposits for paints	97,370	76,969
Accruals	188,588	141,814
Other payables	57,192	10,189
	416,596	447,539

21 Deferred income

Deferred income represents advance rent received.

22 Loans and borrowings

	2016	2015
	=N= 000	=N= 000
Financing arrangement	89,185	89,185
Short term borrowings	(9,656)	3,767
	79,528	92,952

a) **Financing arrangement**

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

b) **Short term borrowings**

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

23 Dividends

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

	Per share	2016	Per share	2015
	(kobo)	N'000	(kobo)	N'000
Dividend	0	0	75	217,368

This represents the dividend proposed for the preceding year, but declared in the previous year (2015)

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

	2016	2015
	=N= 000	=N= 000
Naira per qualifying ordinary shares	217,368	217,368

24 Dividend payable

	30-Sep 2016	31-Dec 2015
	=N= 000	=N= 000
At 1 January	270,568	225,940
Declared dividend		217,368
Transferred to retained earnings	(51)	-
Payments		(172,740)
	270,517	270,568

25 Employee benefits

(a) Defined Contribution Plan

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

Pension payable

	30-Sep 2016	31-Dec 2015
	=N= 000	=N= 000
Obligation at 1 January	7,735	6,924
Charge for the period	32,378	31,207
Payments	(26,234)	(30,396)
Obligation at	13,879	7,735

(b) Defined Benefit Plan

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

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out in 2015 by HR Nigeria Limited (FRC/NAS/00000000738). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At a board meeting held on 16 December 2015, the directors approved the discontinuance of the gratuity scheme effective 31 December 2015. The decision to discontinue the gratuity scheme has been communicated to the employees. Employees accrued benefits were determined for services rendered up to 31 December 2015 and will be settled in 2016.

The reported liability in respect of the gratuity scheme is not an on-going liability but a discontinuance liability. Thus demographic and financial assumptions are not applicable (N/A). Also the reported liability, as determined by the actuary expert, has been recorded as a part of current liabilities in the statement of financial position.

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

	2016	2015
	=N=000	=N=000
Present value of unfunded gratuity obligation	158,067	182,140

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

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

	30-Sep 2016	31-Dec 2015
	=N=000	=N=000
Balance at 1 January	182,140	216,810
Included in profit or loss		
Service cost	0	29,739
Interest on obligation	0	32,128
Curtailment gain	0	(60,180)
	0	1,687
Included in Other Comprehensive Income		
Actuarial losses/(gains) arising from:		
- change in assumption	-	-
- change in experience	-	-
	-	0
Others		
Benefits paid	(24,073)	(36,357)
Benefits payable	-	-
	(24,073)	(36,357)
Balance	158,067	182,140

(ii) Actuarial assumptions

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

	2016	2015
Discount rate (p.a)	15%	15%
Expected rate(s) of salary increases (p.a)	12%	12%
Inflation rate per annum	9%	9%
Weighted average duration of the plan (years)	10%	10%

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

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

Sample Age	Number of deaths in year of age out of 10,000 lives	
	2016	2015
25	N/A	N/A
30	N/A	N/A
35	N/A	N/A
40	N/A	N/A
45	N/A	N/A

Withdrawal from service age band	Rate	
	2016	2015
to 30	N/A	N/A
31-39	N/A	N/A
40-45	N/A	N/A
46-55	N/A	N/A

(iii) Sensitivity analysis

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

	Defined benefit obligation	
	Increase	Decrease
30 September 2016	=N=000	=N=000
Discount rate (1% movement)	0	182,140
Expected rate(s) of salary increases (1% movement)	0	182,140
Future mortality (1% movement)	0	182,140
31 December 2015		
Discount rate (1% movement)	0	182,140
Expected rate(s) of salary increases (1% movement)	0	182,140
Future mortality (1% movement)	0	182,140

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

26 Related Parties

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

A. Transactions with key management personnel

i) Key management personnel compensation

Key management personnel compensation comprised the following:

	30-Sep 2016	31-Dec 2015
	=N=000	=N=000
Short-term benefits	0	207,027
Post employment benefits	0	7,240
Termination benefits	0	7,111
	0	221,378

ii) Loans to management staff

There were no unsecured loans advanced to management staff during the period (2016: Nil). At 30 September 2016, the balance outstanding was "nil" (2015: Nil) and is included in Trade and other receivables.

iii) Key management personnel transactions

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

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

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

	Transaction values for the period ended		Balance outstanding as at …	
Transaction	30-Sep 2016	31-Dec 2015	30-Sep 2016	31-Dec 2015
	=N= 000	=N= 000	=N= 000	=N= 000
Supply of raw materials*	88,671	209,516	14,726	38,132
Recruitment services	2,520	6,773	-	-
Registrar's fees**	2,835	3,400	-	-

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

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

B. Other related party transactions

The Company incorporated a subsidiary in Ghana, Lewis Berger Ghana Limited, on 23 October 2013. As at 30 September 2016, the subsidiary had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

27 Financial instruments – Fair values and risk management

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

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

30 September 2016	**Carrying Amount**		**Fair value**		
	Loans and receivables	**Available-for-sale**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value	=N=000	=N=000	=N=000	=N=000	=N=000
Available-for-sale Investments					
- Equity	-	148	-	148	-
- Treasury bills	-	129,129	129,129	-	-
- Money market instruments	-	42,842	-	42,842	-
Financial assets not measured at fair value					
Trade and other receivables	196,272	-	-	-	-
Cash and bank balances	237,184	-	-	-	-
	433,456	172,119	129,129	42,990	-
Financial liabilities not measured at fair value	=N=000	=N=000	=N=000	=N=000	=N=000
Loans and borrowings	79,528	-		116,668	-
Trade and other payables	416,596	-	-	-	-
Dividend payable	270,517	-	-	-	-
	766,641	-	-	116,668	-

31 December 2015	**Carrying Amount**		**Fair value**		
	Loans and receivables	**Available-for-sale**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value					
Available-for-sale Investments	=N=000	=N=000	=N=000	=N=000	=N=000
- Equity	-	148	-	148	-
- Treasury bills	-	129,129	129,129	-	-
- Money market instruments	-	42,842	-	42,842	-
Financial assets not measured at fair value					
Trade and other receivables	249,214	-	-	-	-
Cash and bank balances	600,741	-	-	-	-
	849,955	172,119	129,129	42,990	-
Financial liabilities not measured at fair value	=N=000	=N=000	=N=000	=N=000	=N=000
Loans and borrowings	92,952	-		75,581	-
Trade and other payables	354,147	-	-	-	-
Dividend payable	270,568	-	-	-	-
	717,667	-	-	75,581	-

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

(b) Financial risk management

Overview

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

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

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

(i) **Risk management framework**

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

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

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

(ii) **Credit risk**

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

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:

	30-Sep 2016	31-Dec 2015
	=N= 000	=N= 000
Trade and other receivables	196,272	249,214
Cash and bank balances	237,184	600,741
	433,456	849,955

Trade and other receivables

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

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

Concentration of risk

At Septemebr 2016, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows;

	Carrying amount	
	30-Sep 2016	31-Dec 2015
	=N= 000	=N= 000
Wholesale customers		106,056
Retail customers		192,219
Other		5,388
	0	303,663

At 30 September 2016, the ageing of trade and other receivables that were not impaired was as follows:

In thousands of naira	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Net
	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000
Neither past due nor impaired	79,979	-	79,979	92,971	-	92,971
Past due 1–90 days	61,680	-	61,680	74,042	-	74,042
Past due 91–180 days	9,807		9,807	22,866	(14,502)	8,364
Over 180 days	97,343		97,343	113,784	(113,784)	0
	248,809	0	248,809	303,663	(128,286)	175,377

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

Available-for-sale investments

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

Cash and cash equivalents:

The Company held cash and cash equivalents of ₦-237 million at 30 September 2016 (2015: ₦543 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks.

(iii) **Liquidity risk**

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

The Company uses standard costing to cost its products, which assist it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 30 September 2016, the expected cash flows from trade and other receivables maturing within two months were ₦142million (2015: ₦149 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:

30 September 2016		**Contractual cash flows**					
	Carrying Amount	**Total**	**6 months or less**	**6-12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000
Loans and borrowings	79,528	79,528	12,247	20,726	46,554		0
Trade and other payables	416,596	416,596	87,204	329,392	-	-	-
Dividend payable	270,517	270,517	270,517	-	-	-	-
	766,641	**766,641**	**369,968**	**350,118**	**46,554**	**0**	**0**

31 December 2015		Contractual cash flows					
	Carrying Amount	**Total**	**6 months or less**	**6-12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000	=N= 000
Loans and borrowings	92,952	190,302	12,247	12,247	20,726	62,178	82,904
Trade and other payables	447,539	447,539	447,539	-	-	-	-
Dividend payable	270,568	270,568	270,568	-	-	-	-
	811,059	**908,409**	**730,354**	**12,247**	**20,726**	**62,178**	**82,904**

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

(iv) **Market risk**

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

1. ***Currency risk***

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

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:

	2016			2015		
	US$	€	GBP	US$	€	GBP
Cash and cash equivalents	778	697	601	26,047	2,830	260

The following significant exchange rates were applied;

Naira	Average rate during the period 2016	2015	Year end spot rate 2016	2015
US$ 1	304.75	192.64	304.25	198.00
€ 1	340.04	213.76	339.48	214.11
GBP 1	394.77	294.71	394.13	291.19

Sensitivity analysis

A reasonably possible strengthening (weakening) of the naira against all other currencies at 30 September would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss	
	Strengthening	Weakening
	=N= 000	=N= 000
30 September 2016		
US$ (3% movement)	-	(2,995)
€ (3% movement)	-	(6)
GBP (3% movement)	-	-
31 December 2015		
US$ (3% movement)	2,995	(2,995)
€ (3% movement)	6	(6)
GBP (3% movement)	-	-

2. ***Interest rate risk***

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

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

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

Fixed rate instruments	**Norminal amount**	
	2016	2015
	=N= 000	**=N= 000**
Financial assets:		
Available-for-sale Investments - fixed income	172,119	42,842
Financial liabilities:		
Financial arrangement	79,528	(89,185)
Short term borrowings	(3,767)	(3,767)
	(50,110)	(50,110)

Fair value sensitivity analysis for fixed rate instruments

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

A change of 100 basis points in interest rates would have increased or decreased equity by ₦ thousand after tax (2015: ₦892 million)

Cash flow sensitivity analysis for variable rate instruments

The Company does not have any variable rate financial assets and liabilities as at period end 30 September, 2016

(iv) **Operational risk**

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

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

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

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

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

(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 interest-bearing loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at 30 September was as follows.

	2016	2015
	=N= 000	=N= 000
Total liabilities	1,234,507	1,308,540
Less: Cash and Cash equivalents	(237,184)	(600,741)
Adjusted net debt	997,323	707,799
Total Equity	2,404,196	2,587,330
Net debt to equity ratio	0.41	0.27

28 Operating leases

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

a. Future minimum lease payments

At 30 September, the future minimum lease payments under non-cancellable leases are receivable as follows:

	2016	2015
	=N=000	=N=000
Less than one year	34,608	34,608
Between one and five years	45,057	45,057
	79,665	79,665

29 Contingencies

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and other possible claims amounted to ₦501 million as at 30 September 2016 (2015: ₦501 million). In the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

30 Subsequent events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 30 September 2016 that have not been adequately provided for or disclosed in the financial statements.

31 Operating segments

a. Basis of segmentation

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

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

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

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

b. Information about reportable segments

	Paints and allied products	Contract revenue		Investment property rental income	Unallocated	Total
2016	=N= 000	=N= 000		=N= 000	=N= 000	=N= 000
External revenues	1,952,327	-		-	-	1,952,327
Finance income	27,604	-		-	-	27,604
Finance costs	(6,442)	-		-	-	(6,442)
Depreciation	(56,802)	-		-	-	(56,802)
Impairment loss	-	-		-	-	-
Reportable segment profit (loss) before income tax	50,344	-	#	-	-	50,344

2015	Paints and allied products =N= 000	Contract revenue =N= 000	Investment property rental income =N= 000	Unallocated =N= 000	Total =N= 000
External revenues	2,628,692	327,822	65,750	-	3,022,264
Finance income	-	-	57,404	86,600	144,004
Finance costs	-	-	(17,165)	(32,347)	(49,512)
Depreciation	-	-	(24,999)	(92,959)	(117,958)
Impairment loss	(8,898)	-	-	-	(8,898)
Reportable segment profit (loss) before income tax	286,146	236,782	80,990	-	603,918

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.

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 Diclosures

Value Added Statement

For the period ended

	30-Sep **2016**	%	30-Sep **2015**	%
	=N=000		=N=000	
Sales	1,952,327		740,309	
Other income	122,696		53,393	
	2,075,023		793,702	
Bought in materials and services				
- Imported	(121,526)		(130,664)	
- Local	(1,365,678)		(271,656)	
Value added	587,819	100	391,382	100
Distribution of value added				
To Employees:				
Employee benefit expenses	357,390	61	175,187	45
To Providers of Finance:				
Interest on loans and bank overdrafts	6,442	1	-1,903	0
To Government:				
Income tax	16,110	3	97,082	25
Retained in the business as:				
Depreciation	97,991	17	76,091	19
Deferred tax	75,652	13	-	0
To augument reserve	34,234	6	44,924	11
	587,819	100	391,381	100

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

Other National Diclosures

5 Year Financial Summary

	30-Sep 2016	2015	2014	2013	2012
Funds employed	= N= 000	= N= 000	= N= 000	= N= 000	= N= 000
Share capital	144,912	144,912	144,912	144,912	108,684
Share premium	635,074	635,074	635,074	635,074	160,201
Fair value reserve	54,188	54,188	39,636	30,283	18,903
Treasury shares	-	-	-	-	0
Retained earnings	1,570,022	1,753,156	1,640,208	1,665,988	1,467,657
Shareholder's fund	2,404,196	2,587,330	2,459,830	2,476,257	1,755,445
Current liabilities	1,079,327	1,143,703	816,531	798,623	922,893
Long term liabilities	155,181	164,837	363,784	352,718	251,500
Non-controlling interests in a discontinued operation	-	-	-	-	-
	3,638,703	3,895,870	3,640,145	3,627,598	2,929,838
Assets employed					
Non current assets	1,790,332	1,727,602	1,564,445	1,587,220	1,343,441
Current assets	1,848,371	2,168,268	2,075,700	2,040,378	1,586,397
	3,638,703	3,895,870	3,640,145	3,627,598	2,929,838

	30-Sep 2016	2015	2014	2013	2012
	= N= 000	= N= 000	= N= 000	= N= 000	= N= 000
Revenue	1,952,327	3,022,264	3,082,930	2,710,986	2,513,664
Profit before income tax	50,344	565,212	249,258	342,767	284,465
Profit for the period	34,234	330,316	148,808	257,580	192,009
Other comprehensive income, net of tax	0	14,552	33,026	66,605	12,834
Declared dividend*	0	217,368	202,876	152,157	152,157
Per 50k share data:					
Basic and diluted earnings per share (kobo)	12	114	51	89	83
Declared dividend per share (kobo)	-	75	70	52	70
Net assets per share (kobo)	9	9	8	9	8

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