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Our vision

"To be No. 1 in the decorative coatings market, providing exceptional value to our customers."

Our mission

"To grow our top-line by 20% annually at an EBIT profitability of 28%."

Shared values

- Customer focus
- Respect for the individual
- Integrity
- Team spirit
- Innovation
- Openness and communication

Desired outcome

"Adding value to lives and businesses".

Financial highlights

	2016 N'000	2015 N'000	% change
Revenue	6,813,984	7,056,876	(3)
Operating profit	2,115,558	2,341,165	(10)
Finance income	204,459	228,856	(11)
Other operating income	73,288	59,924	22
Profit before taxation	2,296,821	2,570,021	(11)
Taxation	(693,464)	(830,462)	16
Profit for the year	1,603,357	1,739,559	(8)
Dividend – interim	-	(805,000)	(100)
Total equity and liabilities	4,915,999	3,409,300	44
Additions to property, plant & equipment (PPE)	273,621	94,873	188
Depreciation on PPE	80,145	80,683	1
Cash and cash equivalents	2,325,540	1,864,445	25
Earnings per share (kobo) – Basic and diluted	229	249	(8)
Dividend per share (kobo) – Interim	0	115	(100)
Net asset per share (kobo) – Basic	326	217	50
NSE quotation as at December 31 (kobo)	3,200	3,760	(15)
Number of shares in issue	700,000	700,000	0
Market capitalization as at December 31	22,400,000	26,320,000	(15)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 52nd Annual General Meeting of Chemical and Allied Products Plc will be held at the Arthur Mbanefo Hall, Golden Tulip Festac, Amuwo Odofin, Lagos State on Tuesday 13th June, 2017 at 11 0'clock in the forenoon in order to transact the following business:-

ORDINARY BUSINESS

1. Lay before the members the Report of the Directors, the Financial Statements of the Company for the year ended December 31, 2016 together with the Reports of the Auditors and the Audit Committee thereon

2. Declare a Dividend

3. Re-elect Directors

4. Authorize the Directors to fix the remuneration of the Auditors

5. Elect members of the Audit Committee

SPECIAL BUSINESS

6. Fix the remuneration of the Directors

PROXY

A member of the company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend instead of him/her and such a proxy need not be a member of the company. A proxy form is enclosed and if it is to be valid for the purposes of this meeting, it must be completed and deposited at the office of the Registrar not less than 48 hours before the time of holding the meeting.

Dated this 16th day of March 2017

BY ORDER OF THE BOARD

Rose Joshua Hamis (Mrs.)
Company Secretary
FRC/2013/ICSAN/00000002356

REGISTERED OFFICE
2, Adeniyi Jones Avenue
P.M.B. 21072, Ikeja – Lagos

NOTES

Dividend

In view of the results, the directors have recommended to members the payment of a dividend of kobo per share. A resolution to this effect will be put to the meeting for the approval of the members.

Dividend warrants

If the payment of dividend is approved, the warrants will be posted on June 13, 2017 to Shareholders whose names appear on the Register of Members at the close of business on May 5, 2017.

Closure of Register and Transfer Books

The Register of Members and the Transfer Books of the company will be closed from Monday May 8 to Friday May 12, 2017 (both dates inclusive) for the purposes of payment of the dividend.

Rights of Shareholder Securities' Holders to ask questions

Shareholders have a right to ask questions not only at the meeting but also in writing prior to the meeting and such questions must be submitted to the Company Secretary on or before 9th of June, 2016.

Audit committee

The audit committee consists of three shareholders representatives and three directors. Any shareholder may nominate another shareholder as a member of the audit committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the date of the Annual General Meeting. Nominators should note that under the Code of Corporate Governance in Nigeria, members of the audit committee should have basic financial literacy and should be able to read financial statements. At least one member should have knowledge of accounting or financial management.

Unclaimed share certificates and dividend warrants

Shareholders are hereby informed that a sizeable quantity of share certificates and dividend warrants have been returned to the Registrars as unclaimed. Some dividend warrants have neither been presented to the Bank for payment nor to the Registrar for revalidation. Affected shareholders are by this notice please advised to contact the Company Secretary or the Registrars (Africa Prudential Registrars Plc) or call at the Registered Office of the company during normal business hours.

E-dividend

Pursuant to the directive of the Securities and Exchange Commission, notice is hereby given to all shareholders to open bank accounts, stock broking accounts and CSCS accounts for the purpose of e-dividend. E-service application form is attached to this annual report for completion by all shareholders who are yet to complete the form, and to furnish the particulars of these accounts to the Registrars, Africa Prudential Registrars Plc at their office at 220B, Ikorodu Road, Palmgrove, Lagos, call them on 01-4606460 during normal business hours, or send email messages to info@africaprudentialregistrars.com.

Corporate profile

Chemical and Allied Products Plc (CAP PLC), a subsidiary of UAC of Nigeria Plc, is the technological licensee of AkzoNobel, the world's largest paint producer. CAP Plc evolved from the world-renowned British multinational Imperial Chemical Industries Plc (ICI), which formalized its Nigerian operations in 1957 under ICI Exports Limited. In 1965, ICI Exports Limited changed its name to ICI Nigeria Limited and in 1968 it was subsumed by ICI Paints Limited. ICI was acquired in 2008 by AkzoNobel.

Following the promulgation of the first and second indigenization Decrees in 1972 and 1977, ICI Nigeria Limited at first sold 40 percent but later 60 percent of its share capital to the Nigerian public, and went further to change its name by a special resolution of the shareholders to Chemical and Allied Products Limited (CAPL) in the spirit of indigenization. In 1991, the 'Limited' appellation was dropped for 'Plc' in compliance with the provision of the Companies and Allied Matters Act of 1990.

In 1992, ICI Nigeria Limited finally disposed-off its minority 40% shareholding in CAP Plc when it sold 35.7% of its equity to UAC of Nigeria Plc and the rest to the Nigerian public on the floor of the Nigeria Stock Exchange. Currently, UAC of Nigeria Plc holds about 50.09% of the company's equity.

Presently, CAP Plc fully operates in the coatings business and provides a wide range of quality products and services, and its brands have become household names. In November 2013, the company was awarded the ISO 14001:2004 certification on Environmental Management System (EMS). Dulux, the flagship brand, is positioned in the premium segment. Caplux is offered in the standard segment as a complimentary brand to protect overall volume share.

The flagship brand - DULUX

Dulux is the leading authority in decorative paint segment and as such has always stood at the forefront on innovation and quality. The brand is a premium quality paint that provides an exceptional combination of durability and beauty. It allows consumers to fully express themselves in colours and creativity.

Distribution Channel

Dulux is strategically distributed through Dulux Colour Centres (DCCs) as the primary channel. Dulux Colour Centre is an innovative strategy introduced to bridge the gap between Dulux and its consumers. CAP Plc pioneered the colour centre concept in Nigeria in 2005, a move that began a revolution in the Nigerian paint industry.

Dulux Colour Centre Concept

The Dulux Colour Centre (DCC) concept is a revolutionary strategy that meets the needs and aspirations of the Nigerian consumers who had expected the paints market to come up to standards as in the developed economies.

The DCC is designed to:

- Offer customers an opportunity to express their individualism in colour;
- Provide an array of colours (over 12,000) and excellent colour scheming with speed and high precision;
- Provide superior colour consultancy for discerning customers who visit the Dulux colour centre.

The DCC operation is hinged on these pivotal factors:

- Ambience and courtesy
- Promptness
- Smartness
- Integrity
- Team work.

Dulux Mobile Colour Centre

Dulux mobile colour centre is a mobile outlet that was introduced to get the brand closer to the target consumers. This mobile outlet also serves as experiential marketing tool; customers get same offerings as they will get from the company's main distribution channel (Dulux colour centres).

Dulux Colour Centres Addresses

S/N	LOCATION	DULUX COLOUR CENTRES
1.	Lagos	• 17A, Ajao Road, off Adeniyi Jones Avenue Ikeja
		• 17A, Aboyade Cole street, Victoria Island
		• 9a, Osolo-way, Aswani Market Roundabout Ajao Estate
		• Km 18/19 Lekki-Epe Expressway(By Chevron Roundabout)
		• Suite 5-6 Blue Crest Mall, Abijo by Fara Park Estate, Ajah.

		• Plot 2016 Festac Link Road, Beside Mobil Filling Station Festac
		• 133, Ogunlana Drive, Opposite UBA Bank, Beside Access Bank, Surulere
		• 22A, Lanre Awolokun Street, Gbagada Phase 2, Gbagada
2.	Abuja	• Plot 1259, Aminu Kano Crescent, Wuse 11
		• Plot 171, Gouba Plaza, A.E Ekukinam St, Utako District, Beside Chisco Transport
		• 7, Dunukofia Street, Area II by Fadagairi Area 11 Garki
		• Plot 104 3rd Avenue (Pa Imodu) Gwarinpa II Estate
3.	Port Harcourt	• 156/186 PH-Aba Expressway, Waterlines
		• 36, Trans Amadi Industrial layout Rumubiakani
4.	Kano	• 9B Niger Street, Opposite Royal Tropicana Hotel
5.	Asaba	• Idolor House, 417B, Nnebisi Road, Beside Uzoigwe Primary School, Opp Old Ecobank
6.	Warri	• 40,Effurun-Warri Road
7.	Uyo	• 1, Ikpa Road
8.	Enugu	• 19, Ogui Road, Canute House
9.	Kaduna	• 11, Independence Way
10.	Ibadan	• 2A, Aare Avenue Off Awolowo Road, New Bodija
11.	Jos	• 11, Bank Road, Opposite New Inland Revenue Office.

12.	Yola	• Lamido Aliyu Mustapha Road, Opposite Federal College of Education (Main Gate).
13.	Gombe	• Alhajiyel Plaza, Opposite NIPOST Office, Bauchi Road.

In addition to the above listed DCCs, the company also has Dulux Colour Shops across the Country.

Commitment to sustainability

CAP Plc is fully committed to sustainability initiative: The drive to formulate paints that will be eco-friendly without compromising on quality and standards is imperative to us. CAP is working closely with its technical partner, AkzoNobel, to achieve this feat in the Nigerian environment.

Corporate social responsibility

CAP Plc participates in the United Nations Global Compact initiative and pursues a vibrant corporate social responsibility agenda.

CAP Plc launched its corporate social responsibility policy in 2006 with the aim of looking at the business through a new lens. The new lens gave insight into the fact that our little action or inaction affects our society, the economy and the environment. For the past eight years, CAP Plc has been steadfast and committed to the culture of truly Caring About People.

The focus, has been on the educational sector through interventionist initiatives that seek to uplift standards in the sector and provide a more conducive environment for a sound academic attainment.

Registered office/head office
2, Adeniyi Jones Avenue
PMB 21072, Ikeja, Lagos
Tel: 07098733733

Careline telephone: 07098733733
e-mail: careline@capplc.com
website: www.duluxnigeria.com
www.capplc.com

Product Range

DULUX PAINT

Dulux Trade: Considered as the best paint by professional decorators due to its performance. It saves time and money with better opacity, better durability, higher spreading rates, pack sizes that are more convenient and economical to use. It is available as millbases which can be tinted with the aid of in-store machines to achieve desired colours. Dulux trade offers a wide variety of finishes including; Vinyl Silk, Vinyl Matt, Vinyl Soft Sheen, Eggshell, High Gloss, Weathershield masonry and special effect paints.

Dulux Emulsion: an interior and exterior finish formulated on high quality emulsion binder; gives an even matt coating.

Dulux Silk Emulsion: an acrylic based emulsion paint with mid sheen finish which is suitable for all interior and exterior surfaces.

Dulux Weathershield: the ultimate exterior paint range for long lasting durability and protection in various textured finishes including; Dulux Weathershield Textured, Dulux Weathershield Smooth, Dulux Weathershield Tex Matt and Dulux Weathershield Ultra.

Dulux Gloss: is a quality quick drying and hardwearing oil modified alkyd paint.

Dulux Eggshell: is a quality quick drying and hardwearing solvent based- modified alkyd satin paint.

Dulux Primer: this is a first coat of paint which can be used to cover a surface in order to get it ready for use or coating. The primers include: Dulux Alkali Resisting Primer and Dulux Undercoat.

Dulux Trade Ecosure: the product combines sustainability and performance; reduced environmental impact with no compromise on performance. The following finishes are available: Matt, Gloss and Eggshell.

Hammerite metal paint:
Hammerite metal paint requires minimal surface preparation before application and offers long lasting protection, plus a great looking finish for both interior and exterior metal finishes. Unlike other conventional metal paints, Hammerite can be applied directly onto metals without using a primer and undercoat first.

CAPLUX PAINT
Caplux paint is a standard product; good quality at an affordable price. It is available in emulsion, gloss and textured variants. It is formulated to give lasting brilliance on application.

Directors & professional advisers

Board of directors

Mr. Larry Ephraim Ettah	Non-Executive Director - Chairman
Mrs. Omolara Iswat Elemide	Managing Director/CEO
Mr. Solomon Ohiolei Aigbavboa	Non- Executive Director
Mr. Opeyemi Olukayode Agbaje	Non- Executive Director
Ambassador Kayode Garrick	Non- Executive Director

Retirement by rotation

In accordance with the Articles of Association of the company and provisions of the Companies and Allied Matters Act, Cap C20 LFN 2004, Mr. Opeyemi Olukayode Agbaje and Ambassador Kayode Garrick are the directors retiring by rotation and being eligible offer themselves for re-election. The biographical information of the directors for re-election are on pages to of this annual report and financial statements.

Record of directors' attendance at board meetings

In accordance with section 258 (2) of the Companies and Allied Matters Act, Cap C20 LFN 2004, the record of directors' attendance at board meetings during the year is available for inspection at this Annual General Meeting.

Company Secretary
Rose Joshua Hamis (Mrs.)

Registered Office
2, Adeniyi Jones Avenue
P.M.B. 21072, Ikeja – Lagos
Tel: 08159493070
E-mail: careline@capplc.com

Registrar
Africa Prudential Registrars Plc
220B Ikorodu Road
Palmgrove - Lagos
Tel: 07080606400

Bankers
Access Bank Plc
Coronation Merchant Bank Limited
Diamond Bank Plc
Ecobank Nigeria
FCMB Plc
First Bank of Nigeria Limited
FSDH Merchant Bank
Guaranty Trust Bank Plc
Heritage Bank Plc
Keystone Bank
Skye Bank Plc
Union Bank of Nigeria Plc
United Bank of Africa Plc
Unity Bank Plc
Stanbic IBTC Bank
Wema Bank
Zenith Bank Plc

Auditors
Ernst & Young
10th and 15th Floor
UBA House
57, Marina
Lagos

Board of directors' profile

MR. LARRY EPHRAIM ETTAH (53)

Mr. Larry Ephraim Ettah joined the Board of CAP plc in July 2007. He started his career as Management Trainee with UAC of Nigeria Plc in 1988. He has held several senior management positions in UAC of Nigeria Plc and was appointed an executive director of the group in 2004. He became the Group Managing Director/Chief Executive Officer of UAC of Nigeria Plc on 1st January 2007.

Larry holds B.Sc. degree in Industrial Chemistry (1985); MBA (1988) both from University of Benin. A graduate of the renowned Executive Programme of Ross School of Business, University of Michigan. He also has attended Executive Education Programmes at Graduate School of Business, Stanford University, Harvard Business School, USA and IMD Lausanne, Switzerland. He is the President of Nigeria Employers Consultative Association (NECA).

MRS. OMOLARA ISWAT ELEMIDE (57)

Mrs. Omolara Iswat Elemide joined UAC of Nigeria Plc (UACN) on October 4, 1983. A Fellow of the Institute of Chartered Accountants of Nigeria, she had worked in various capacities within the UACN group. She had a six-month attachment exposure with the Unilever International Audit Departments in Germany, United States of America and United Kingdom in 1991, after which she became the Senior Group Manager, Unilever International Audit, Lagos in 1992. At the divestment of Unilever from UACN in 1994, she assumed the position of the Audit Manager of the Group. She headed the finance departments of G B Ollivant/MDS Division in 1997 and UACN Property Development Company Plc from January 1998 to February 2005.

Mrs Elemide joined the Board of CAP Plc as the Finance Director/Company Secretary In February 2005, a position she held until May 4, 2009 when she was appointed the Managing Director of the company.

She has attended various local and international courses amongst which are the Bullet-Proof Manager Training Series by Crestcom International Colorado, USA, International Management Seminar at the Four Acres, UK, Unilever International Audit Seminar, USA, Strategy & Finance at the Ashridge Business School, UK.

MR OPEYEMI OLUKAYODE AGBAJE (52)

Mr Agbaje attended Igbobi College, Yaba, Lagos and holds a first degree in Law from University of Ife (now Obafemi Awolowo University, Ile-Ife) and two Masters Degrees in Law and Business from the University of Lagos and IESE Business School, Spain respectively. He has a multi-disciplinary background and professional experience including legal practice at Kola Awodein (SAN) and Co. for two years; over 16 years in banking and finance rising to Executive Director and has since 2004 managed RTC Advisory Services Limited, a leading strategy and business advisory company as Senior Consultant/CEO. He has also lectured in Business Strategy and the Environment of Business at the Lagos Business School. He is a member of the Board of Trustees of the Lagos State Security Trust Fund and Chairman of the Board of The Integrity Organisation/Convention on Business Integrity. Mr Agbaje is a member of the Strategic Management Society, USA and was elected Representative-at-Large of the Strategy Practice Interest Group of the Society in November 2016. He also holds memberships of the

International Bar Association and Institute of Directors, Nigeria. He writes a weekly column, "Economy, Polity, Society" in Businessday Nigeria and is a regular speaker at conferences, seminars and discussions on economy, business and national development. He joined the Board on 4th May 2009 as a non-executive director.

MR SOLOMON OHIOLEI AIGBAVBOA (49)
Solomon, a Pharmacist was educated at the University of Benin and Federal University of Technology, Owerri where he bagged the B.Pharm (1990), M.Sc (1995) and MBA (2004) degrees respectively. He started his career in academics with the University of Benin where he left as Lecturer 2 in Pharmaceutical Chemistry to join UAC of Nigeria Plc in June 1997 as Personal Products Manager in the then GBO/MDS Division. He thereafter, occupied various Management positions in the UACN group including National Customer Service Manager, MDS Logistics; GM, Franchise Operations, Mr Biggs & GM, Operations, UAC Foods. In September 2008, he joined Zain Telecoms, Nigeria where he served as General Manager, North West Regional Operations and Director, Regional Support in the Sales Group. In June 2009, he returned to UACN and was subsequently appointed in January 2010 as the Managing Director of MDS Logistics Limited, a joint venture between UACN and Imperial Holdings Limited of South Africa.

He has attended several management courses and training locally and internationally. He is a recipient of both the University of Benin Scholarship for academic excellence, and the Federal Government of Nigeria's post graduate scholarship award. He is a Fellow of both the Chartered Institute of Supply Chain Management, Ghana and the Institute of Logistics Management, Nigeria. He joined the Board on 5th May 2008 as a non-executive director.

AMBASSADOR KAYODE GARRICK (62)
Ambassador Garrick holds a Bachelor of Arts (Languages) degree from the University of Ife (now Obafemi Awolowo University), Ile Ife. He is the founder and Director of South Strategy Consulting. He has 34 years diplomatic experience and is fluent in; English, French, German and Portuguese.

Apart from several other diplomatic, consular and public service appointments, he was Nigeria's Ambassador Extraordinary and Plenipotentiary to Brazil, Paraguay and Bolivia.

He was awarded the Grand Cross of the Order of Rio Branco by the President of Brazil. He joined the Board on 21st March, 2013 as a non-executive director. He is an Independent Non-Executive Director.

Report of the directors

The directors hereby present their report with the audited financial statements for the year ended 31 December, 2016 which disclose the state of affairs of the company.

Principal activities
The principal activities of the company are the manufacturing and sale of paints.

Result for the year
The result for the year is summarized as follows:-

	2015 N'000	2014 N'000	% Change
Profit before taxation	2,296,821	2,570,021	(11)
Taxation	(693,464)	(830,462)	16
Profit for the year	1,603,357	1,739,559	(8)

Dividend
The directors are pleased to recommend to shareholders a dividend of N1.54 billion representing 220 kobo per ordinary share of 50 kobo each. If approved, the dividend will be paid on 13th June 2017 to members, who are on the Register of Members at the close of business on 8th May, 2017. The total dividend will be net of withholding tax.

Expenditure on property, plant and equipment (PPE)
The total expenditure on property, plant and equipment during the year was N273.62million (2015 - N94.87million). The expenditure were for the replacement of aged factory equipment, furniture & fittings, additional tinting machines for new colour centres and motor vehicles.

Corporate governance report
CAP Plc is a company of integrity and high ethical standard. Our reputation for honest, open and dependable business conduct, built over the years, is as much an asset as our people, brands and factories.

The board of directors
Under the articles of association of the company, the business of the company shall be controlled and managed by the directors, who may exercise all such powers of the company as are not by statute or the Articles to be exercised by the company in General Meeting.

Composition of the board of directors
The Board of CAP Plc was made up of four (4) non-executive directors and one (1) executive director during the year. All the directors have access to the services of the Company Secretary. With the approval of the Chairman of the Board they may take advice from third

party professionals in areas where such advice will improve the quality of their contributions to Board deliberations.
The directors who held office during the year and to the date of the report were:-

Mr. Larry Ephraim Ettah	Non-Executive Director - Chairman
Mrs. Omolara Iswat Elemide	Managing Director/CEO
Mr. Opeyemi Olukayode Agbaje	Non-executive Director
Mr. Solomon Ohiolei Aigbavboa	Non-executive Director
Ambassador Kayode Garrick	Non-executive Director

Directors' shareholding
The Register of Directors' interests in the share capital of the company is open for inspection at the Annual General Meeting. The direct and indirect interest of directors in the issued share capital of the company as recorded in the register of directors' shareholdings and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as follows:

	31 December 2016		31December 2015	
	Number	**Nominal Value =N=**	**Number**	**Nominal Value =N=**
Mr. Larry E Ettah	4,083,332	2,041,666	4,083,332	2,041,666
Mrs. Omolara I Elemide	128,635	64,317	128,635	64,317
Mr. Opeyemi O Agbaje	62,332	31,166	62,332	31,166
Mr. Solomon O Aigbavboa	57,330	28,665	57,330	28,665
Ambassador Kayode Garrick	1,215	607	1,215	607

As at 16th March 2017, there were no changes in the above holdings

Directors' interest in contracts

None of the directors has notified the company for the purpose of section 277 of the Companies and Allied Matters Act of any disclosable interest in contracts with the company or related party transactions during the year.

Separation in Chairman and CEO's positions

The position of the Chairman of the Board of directors is distinct from that of the Managing Director/CEO. The Chairman of the Board is Mr. Larry Ephraim Ettah, who is a Non-executive director, while the Managing Director/CEO is Mrs. Omolara Iswat Elemide.

The roles and responsibilities of the board are:

a) Formulation of policies, strategy and overseeing the management and conduct of the business
b) Formulation and management of risk management framework

c) Succession planning and the appointment, training, remuneration and replacement of board members and senior management
d) Overseeing the effectiveness and adequacy of internal control system
e) Overseeing the maintenance of the company's communication and information dissemination policy
f) Performance appraisal and compensation of board members and senior executives
g) Ensuring effective communication with shareholders, stakeholders and the investing public
h) Ensuring the integrity of financial controls and reports
i) Ensuring that ethical standards are maintained
j) Ensuring compliance with the company's memorandum and articles of association, applicable laws, regulations, standards and code of corporate governance by the company
k) Definition of the scope of delegated authority to board committee and management and their accountabilities
l) Definition of the scope of corporate social responsibility through the approval of relevant policies
m) Approval and enforcement of a code of ethics and business practices for the company and code of conduct for directors.

Board appointment

The process of appointing directors involves a declaration of a vacancy at the board meeting; the sourcing of the curriculum vitae of suitable candidates depending on the required skills, competence and experience at any particular time; and the reference of the curriculum vitae to the Risk and Governance committee of the Board for necessary background checks, informal interviews/interaction and a recommendation for the approval of the board of directors. A director appointed by the board is presented to the next Annual General Meeting of the members of the company for election.

Directors' induction and training

Every newly appointed director receives a comprehensive letter of appointment detailing the terms of reference and composition of the board and board committee, schedule of board meetings, his entitlements and demand on his time as a result of the appointment. The letter of appointment is accompanied with the memorandum and articles of association of the company, the previous year's annual report and financial statements, the code of corporate governance for public companies in Nigeria, UACN Code of Business Ethics, and other documents, policies, processes and procedures of the company that help the director to gain understanding of the company, its history, culture, values, business principles, people, projects, processes and plan.

A new director undergoes an induction in order for him to get acquainted with the business operations, issues and brands of the company. As part of the induction process, he is introduced to the directors, members of the Leadership Team, company's operations and Dulux partners.

Board meetings

The Board met 6 (six) times during the 2016 financial year. The following table shows the list of directors and their attendance at the Board meetings.

DIRECTORS	17 MAR	19 APR	16 JUNE	19 JUL	19 OCT	8 DEC
Mr. Larry Ephraim Ettah - Chairman	P	P	P	P	P	P
Mrs. Omolara Iswat Elemide	P	P	P	P	P	P
Mr. Opeyemi Olukayode Agbaje	P	P	P	P	P	P
Mr. Solomon Ohiolei Aigbavboa	P	P	P	AWA	P	P
Amb Kayode Garrick	P	P	P	P	P	P

Attendance Key: P = Present AWA = Absent with Apology

Directors for re-election

Mr. Opeyemi Olukayode Agbaje and Ambassador Kayode Garrick are the directors retiring by rotation and seeking re-election at the meeting. The biographical details of the directors for re-election are on pages and of this annual report and financial statements. The Board is satisfied with their performance in the previous year.

Board evaluation

A board performance evaluation was undertaken for the year ended 2016. The performances of the board, board committee and individual directors were adjudged satisfactory. Necessary feedbacks were given to individual directors arising from the exercise.

Major shareholding

According to the register of members, the following shareholder of the company held more than 5% of the issued share capital of the company as at 31 December 2016.

Shareholder	No. of shares	(%)
UAC of Nigeria Plc	350,652,700	50.09

Board committee

The board functions as a full board and through the Risk and Governance committee. The committee makes recommendations for approval by the full Board. The following are the committee's terms of reference:-

Risks

1. Assist the Board in its oversight of risk management and monitoring the company's performance with regards to risk management;
2. Recommend for Board approval the risk policy of the company and review its implementation at all levels to achieve the company's objective
3. Monitor that risk management policies are integrated into the company's culture;

4. Review quarterly risk management reports and make recommendation to the board on appropriate actions;
5. Periodically evaluate the company's risk profile, action plans to manage high risks and progress on the implementation of these plans;
6. Ensure that the company's risk exposures are within the approved risk control limits.
7. Undertake at least annually a thorough risk assessment covering all aspects of the company's business with a view to using the result of the risk assessment to update the risk management framework of the company.
8. Understand the principal risk to achieving the company's strategy.
9. Ensure that the business profile and plans are consistent with the company's risk appetite.
10. Make recommendation on the company's risks management framework including responsibilities, authorities and control.
11. Review the process for identifying and analyzing business level risks.
12. Review the structure for, and implementation of, risk measurement and reporting standard as well as methodologies.
13. Review key control processes and practices of the company, including limit structures.
14. Ensure that the company's risk management practices and conditions are appropriate for the business environment.
15. Assess new risk return opportunities.

Governance

16. Oversee the company's financial reporting, its policies and processes.
17. Review the company's operational performance.
18. Make recommendations to the board on capital expenditure, specific projects and their financing within the overall approved plan.
19. Appraise the investment climate and recommend to the board where, when and what investment(s) to make with the company's surplus funds
20. Make recommendations on management of company's cash and debt exposure/ borrowings.
21. Monitor compliance with applicable laws and regulations by the company.
22. Review updates on implementation level of Internal and external auditors' recommendations by management from board representatives on the audit committee.
23. Periodically review the manning level and adequacy of the resources with which internal audit and the risk management functions discharge their duties.
24. Monitor, benchmark and apply as appropriate, best practices with regard to governance and risk
25. Review accounting policies and reporting standards and ensure their adequacy for the company's purposes
26. Make recommendations on the composition of the board
27. Recommend the appointment, remuneration and promotion of executive directors and senior management.
28. Make recommendations to the board on the adoption of a code of conduct (including the policy on trading in company shares) for directors and senior executives and to review same from time to time
29. Periodically review and make recommendations to the board on the compensation, performance and talent management, succession planning and retention for the company.
30. Make recommendations on the whistle blowing process for the company

The committee met four (4) times during the year. The following shows the dates of the meetings and attendance of members of the committee at such meetings:-

DIRECTORS	16 MAR	18 APR	18 JUL	18 OCT
Mr. Opeyemi Olukayode Agbaje – Chairman	P	P	P	P
Mrs. Omolara Iswat Elemide	P	P	P	P
Mr. Solomon Ohiolei Aigbavboa	P	P	P	P
Ambassador Kayode Garrick	P	P	P	P

Attendance Key: P = Present

Governance at management level

The executive management of the company gains group insight from presenting the company's draft annual budget to the group executive management and supervisory board of directors of the parent company, UAC of Nigeria Plc (UACN). The Chairman of the board also attends the company's annual business conference of the company to give the employees feedback from the group and Board on company's performance in the previous year, corporate strategy, business direction and performance expectation for the New Year. The Managing Director (MD) attends the monthly UACN group business review meetings where company's performance, business issues and plans are reviewed and direction given. The executive management and leadership team of the company attends the annual UACN group business retreat where strategic and executional issues are discussed with clear direction and action plans, in additional to other periodic group functional review meetings. At the company level, the leadership team members report to the MD and support the MD in the day to day administration of the business and in the implementation of the company policies. The company structure ensures adequate in-built succession plans at all levels of the business. Accountability meetings and reviews are held on a weekly, monthly and quarterly basis. These include weekly meetings of the leadership team. The company holds an annual business conference where the financial goals and other strategies of the business for the year are discussed, agreed and unveiled with the leadership team, management, staff and business partners in attendance.

Statutory Audit Committee

The statutory audit committee consists of six members made up of three (3) representatives of the shareholders elected at the previous annual general meeting for a tenure of one year and three (3) representatives of the board of directors nominated by the board.

The Chairman of the committee was Cdre. V.O. Laseinde (rtd.), a shareholders' representative. The Company Secretary is the secretary of the committee. The meetings of the committee were attended by the compliance team lead, representatives of PricewaterhouseCoopers and Ernst & Young, our external auditors during the year under review and Head, Risk and

Compliance of the UACN group. The operation and duties of the committee have been aligned with the provisions of the code of corporate governance for public companies in Nigeria.

The committee met four (4) times during the year and the following table shows the attendance of the members at the meetings.

We are however sad to report the passing away of the Chairman of the Audit Committee, Cdre. V.O. Laseinde (rtd). He was ill at the last meeting of the committee and he died shortly after, on 12th of December 2016. May his gentle soul rest in peace.

MEMBERS	14MAR	15 JUL	17 OCT	7 DEC
Cdre. Victor Laseinde (rtd.)	P	P	P	AWA
Mr. Opeyemi Olukayode Agbaje	P	P	P	P
Mr. Solomon Ohiolei Aigbavboa	P	P	P	P
Prince Bassey Manfred	P	P	P	P
Mrs. Abigail Olufolake Olaaje	P	P	P	P
Ambassador Kayode Garrick	P	P	P	P

Attendance Key: P = Present AWA = Absent with Apology

Terms of reference of the audit committee

The committee is authorized by the Companies & Allied Matters Act, CAP C20 Laws of the Federation 2004:

a) To ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
b) Review the scope and planning of external audit;
c) Review the findings as reported through the management controls report and management responses thereon;
d) Keep under review the effectiveness of the company's system of accounting and internal control;
e) Make recommendation to the board in regard to the appointment, removal and remuneration of the external auditors of the company;
f) Authorise the internal auditor to carry out investigations into any activities of the company, which may be of interest or concern to the committee.

In addition, the 2011 Securities and Exchange Commission (SEC) code of corporate governance also assigns the following responsibilities to the committee:

a) To oversee internal audit and internal controls; and to document and review the roles, responsibilities, authority and scope of operations of the internal audit function; approve the annual internal audit plan.
b) Assist in the oversight of the integrity of the company's financial statements, compliance with legal and other regulatory requirements, assessment of

qualifications and independence of external auditor and performance of the company's internal audit function as well as that of external auditors;

c) Establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls of the company;
d) Ensure the development of a comprehensive internal control framework for the company; obtain assurance and report annually in the financial report, on the operating effectiveness of the company's internal control framework;
e) Oversee management's process for the identification of significant fraud risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place;
f) At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent control review of the company;
g) Discuss the annual audited financial statements and half yearly unaudited statements with management and external auditors;
h) Discuss policies and strategies with respect to risk assessment and management;
i) Meet separately and periodically with management, internal auditors and external auditors;
j) Review and ensure that adequate whistle-blowing procedures are in place. A summary of issues reported are highlighted to the chairman;
k) Review, with the external auditor, any audit scope limitations or problems encountered and management's responses to same;
l) Review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest;
m) Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent auditors;
n) Consider any related party transactions that may arise within the company or group;
o) Invoke its authority to investigate any matter within its terms of reference and the company must make available resources, including internal audit and access to external advice where necessary, to carry out this function; and report to the members of the company at annual general meeting and to the board of directors, when necessary.

Risk management

We have a risk management framework which articulates the company's strategy, objective, vision and mission around risk management for the UACN group. The implementation of the framework commenced in quarter 1 2014. There is now a risk and compliance unit to drive the process within the UACN group.

Trading in Security Policy

In compliance with clause 17 of the Nigerian Stock Exchange amended Rules, we have a Security Trading Policy in place to guide our Board, Employees, External Advisers and Related Parties on trading in the securities of the company within the closed period. Under the policy, the closed period is when no director, employee, external adviser and related party with inside information can trade in the company's securities. The closed period is 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any price sensitive matter or the date of circulation of agenda papers pertaining to a board meeting on any of the said matters up to 24 hours after the price sensitive information is submitted to the exchange. The trading window shall thereafter be opened.

We hereby confirm that no director traded in the securities of the company within the closed period.

Shareholders Complaints Management Policy
We have put in place a Complaints Management Policy to handle and resolve complaints from our shareholders and investors. The policy was defined and endorsed by the company's senior management, who is also responsible for its implementation and for monitoring compliance. The policy has been posted on the Company's website and shall be made available to shareholders of the company at the Annual General Meeting.

Code of business conduct
As a member of UACN group, the employees of the company subscribe to UACN Code of Business Conduct. The code forms the basis of the conduct expected of every employee of the company and reflects our core values and principles.

Compliance with the code of corporate governance
The company has complied with the 2011 code of corporate governance for public companies.

Human resources report

<u>Employment of disabled persons</u>
The company adhered to its age-long policy of non-discrimination against disabled persons in 2016. The company had two disabled persons on its payroll as at 31 December, 2016.
All employees are treated equally and are given equal opportunities to develop their careers; Disability is not a barrier to promotion or career development in our company.

<u>Health, safety and welfare of company employees</u>
Our policy at all times is to conduct our operations safely, protecting the health and safety of employees and all persons who may be affected. We will manage all our activities so as to give benefits to the society, ensuring that relevant laws and regulations are kept and that our activities are acceptable to the community at large with minimum environmental impact.

<u>HIV/AIDS</u>
Our company works to ensure a safe healthy working environment by providing basic HIV/AIDS training to inform, educate and train all employees about HIV/AIDS prevention, care and control. We do not discriminate against or dismiss any employee on the basis of his or her HIV status. The HIV status and medical records of any individual will be considered and kept as strictly confidential. As much as possible care will be taken to support such individuals by providing counselling and medical support services.

<u>Employee involvement</u>
Our company continues to pursue the "Great place to work" global initiative which is aimed at creating a better society of happier employees. To achieve this, the "Gift work" culture is being entrenched company-wide. A number of communication initiatives as well as surveys of employees satisfaction were undertaken.

Training and staff development

The company recognizes training of its human resources as an investment which adds value to the business. We are therefore committed to continuous development of our workforce through courses and seminars organized internally and externally including overseas courses. Individual needs of each employee are considered in organizing training courses. Members of staff are also encouraged and assisted financially to embark on self-development schemes to improve themselves both academically and professionally.

Anti-corruption and business integrity

Our company does not give or receive whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. No employee will be criticized for any loss of business resulting from adherence to these principles. The company's accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

A whistle blowing policy has also been put in place to encourage employees at all levels to alert and inform management of any negative development that might impinge on the value, performance and/or image of the company before any harm is done. Similarly a corporate fraud policy has been established to facilitate the development of controls which will aid in the detection and prevention of fraud against the company. It is our intention to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Donations

The following amounts were given by way of gifts and donations during the year ended 31 December, 2016:

	=N=
Supported Babcock University's 2016 International Development Capacity Building Conference	149,300.00
Donated paints towards the Lagos State Scout Council Centenary Celebration	78,089.27
Supported the 2016 Industrial Tree Campaign	692,705.00
Donated paints for the re-painting of Manufacturers Association of Nigeria's Secretariat	275,401.42
Donated Paint Accessories to 13 Government Technical Colleges Pan Nigeria	13,640,213.59
Donated paints to 9 Government Primary Schools	821,053.83
Supported the 14th Edition of the Manufacturers Association of Nigeria (MAN) Ikeja Branch Outreach to the Needy	100,000.00
Supported Seriki-Aro Community Development Association Children Christmas Party	20,215.00
	15,776,978.11

Dulux Agents

1.	Ambroziny International Nig. Ltd.	Enugu
2.	Amehgate Integrated Services Ltd.	Abuja, Gombe
3.	Cellit Limited	Lagos
4.	Charterbridge Ventures Limited	Lagos
5.	Chrisbaki Nigeria Limited	Warri
6.	Edeoga Nigeria Limited	Abuja, Kaduna & Jos
7.	First Ebony Invest. & Allied Services Ltd.	Lagos
8.	House Affairs Limited	Lagos
9.	International Partners & Dev. Nig. Ltd.	Kano
10.	Kay Taiwo International Limited	Lagos
11.	Korporate Services Ventures	Lagos
12.	Marco Bruno Limited	Port Harcourt
13.	Matojez Integrated Service Limited	Lagos
14.	Metrospeed Property Limited	Ibadan
15.	Stanzel Associates Limited	Abuja
16.	Taes International Concept Limited	Abuja
17.	Treaty Projects Limited	Port Harcourt, Asaba
18.	Virscop Limited	Uyo
19.	Zahra Shopping Mall Limited	Yola

Customer service and quality policy

We remain a quality driven company. We pursue continuous improvement in products and customer service and quality in all areas of our activities.

Dated this 16th day of March, 2017

By Order of the Board

Rose Joshua Hamis (Mrs.)
Company Secretary
FRC/2013/ICSAN/00000002356

Statement of directors' responsibilities
For the year ended 31 December 2016

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibility includes:

a) ensuring that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, implementation and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and

c) preparing the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International financial reporting standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Mrs. Omolara Iswat Elemide	**Larry Ephraim Ettah**
Managing Director	Chairman
FRC/2013/ICAN/00000001850	FRC/2013/IODN/00000002692
16 March 2017	16 March 2017

Corporate social responsibility report

CAP and corporate social responsibility 2016

CAP is committed to corporate social responsibility (CSR) and the principles of the UN Global Compact. These guide the way we work and the way we implement policies, processes and programs to clearly align our thrust for business growth with our obligations to the society.

The CSR policy recognizes the company's role in the following broad areas: Leadership with vision and values, market place activities, workforce activities, supply chain activities, community activities, stakeholder engagement and environmental concerns. The journey has been rewarding and we are encouraged to keep doing good.

Leadership, vision and values

We regard ethical leadership and practice as critical to responsible business and are committed to conducting our business according to ethical, professional and legal standards.

Shared values: the CAP community strives to live its shared values of integrity, respect for the individual, customer focus, team spirit, innovation and openness and communication.

UACN code of business conduct: CAP is a signatory to the UACN code of business conduct which outlines expected pattern of conduct for all employees including the rejection of any form of inducement giving or receiving.

Whistle blowing: the whistle blowing procedure in place ensures that e-mails are anonymously received, discretely investigated and a report sent to the audit committee.

Marketplace activities

Our service mission is to delight our customers with exceptional quality products and services. We aspire to provide peace of mind for our customers. Some of the marketplace activities are:-

Product information integrity: precise and concise information about our products are provided to customers through clear and proper labelling and products information bulletin.

Value/culture alignment of dealers: dealers and their employees are educated on the values of the company and are supported to imbibe them.

Customer involvement in improvement processes: product knowledge and suggestions for improvement are discussed regularly with our customers at different customer/consumer engagement fora. Customer satisfaction surveys are also conducted as part of the feedback system.

Capacity building of dealers and users: several training and development initiatives are conducted annually for our dealers, partners and other users of our products.

HSE compliance of dealers: dealers' outlets are regularly assessed for compliance with HSE standards and practices. Corrective actions are taken as appropriate to ensure conformity.

Careline Unit: The Customer Careline unit collates and monitors feedback from our customers and other Stakeholders. This is fed into our process and customer satisfaction improvement initiatives.

Workforce Activities
We aspire to be an employer of choice. We recognize that our success is dependent on the calibre and motivation of our people.

Recruitment and retention: Our policy involves the right placement of people in the right roles and retention of talented people. Annual employee surveys are conducted to provide information on what employees' value and where they want us to improve.

Training and development: The annual training plan achievement is measured to monitor performance and progress. Effectiveness of training programs is also monitored through annual performance appraisal of staff and delegation of responsibilities.

Freedom of association and collective bargaining: Our employees belong to a vibrant local union and an industry wide trade union.

Self-development: The tuition costs of pre-approved and relevant programs of study are fully paid for by the company.

The Crèche: A friendly crèche is operated at the company's head office at Ikeja to promote baby-mother bonding.

Recognition: We recognise the achievement of employees who display exemplary traits of integrity, dedication to duty, customer focus and initiative in line with our shared values.

Life after work training: We constantly remind employees of the inevitability of retirement and train them to face the challenges of that situation when it occurs.

Stakeholder engagement:

Appointment and fair treatment of suppliers and contractors: Suppliers of goods and services are appointed using defined criteria that do not discriminate on the basis of religion, tribe or sex. We strive to treat them fairly and settle their invoices on due dates.

Fair treatment of shareholders: All shareholders are treated equally.

Safety, Health and Environmental (HSE) Activities
We are committed to providing a working environment that is safe for all employees, contractors, customers and members of the public. The company is ISO 9001:2008 certified and also has the ISO 14001:2004 Environmental Management System (EMS) certification.

HSE policy and manual: This sets out the company policy on HSE and actions/guidelines for maintenance of a safe workplace. HSE assessments and fire drills are conducted regularly.

Environmental Assessment: We conduct periodic environmental assessment of our operations. The environmental assessment report is submitted to the regulatory agencies for verification.

Promoting sustainable environment: We maintain a vibrant relationship with the Nigeria Conservation Foundation. We also ensure that our operations are carried out with minimum impact on the environment.

Promoting healthy lifestyle: We conduct health seminars, provide the environment for recreation and share knowledge on the essence of living well. We have a gym and other recreational facilities to promote healthy living through regular exercise and relaxation.

Community activities

CAP values community leadership and responsibility. We are committed to playing a responsible and responsive role in the community. In 2016, we undertook the following projects:

- Supported Babcock University's 2016 International Development Capacity Building Conference
- Donated Paints towards the Lagos State Scout Council Centenary Celebration
- Supported the 2016 Industrial Tree Campaign
- Donated Paints for the Re-painting of Manufacturers Association of Nigeria's Secretariat
- Donated Paint Accessories and Conducted Practical Training at Thirteen (13) Government Technical Colleges
- Pan Nigeria
- Donated Paints to Nine (9) Government Primary Schools
- Supported the 14th Edition of the Manufacturers Association of Nigeria (MAN) - Ikeja Branch Outreach to the Needy
- Supported Seriki-Aro Community Development Association Children Christmas Party

CAP - A Participant in the UN Global Compact Initiative

In August 2006, the company was accepted by the United Nations' Secretary General as a participant in the Global compact initiative-raising the bar in human rights, labour standards, environment and anti-corruption. We have joined the local network and are committed to propagating the values of the Global Compact.

	Global Compact Principle	**Action Taken/Impact Achieved**
1	Businesses should support and respect the protection of internationally proclaimed human rights	The staff handbook provides guidelines on Staff welfare, disciplinary and grievance procedures. Employees are made aware of their rights at the workplace and are assured of fair treatment always.
2	Businesses to ensure that they are not complicit in human rights abuses.	People are assessed based on defined criteria that do not discriminate on the basis of religion, tribe or gender. CAP is represented at employers' associations with a view to assisting the process of human rights observance.
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	CAP workers belong to a vibrant local union. CAP recognises the union's right to collective bargaining and implements industry's collective agreement on schedule.
4	The elimination of all forms of forced and compulsory labour;	Employees discuss, negotiate and agree their terms of employment and are free to accept/reject the terms without coercion. CAP employs 8 hour work day and annual leave with full benefits.
5	The effective abolition of child labour;	CAP will not employ anyone under the age of 18 years and will not do business with any supplier that engages in child labour utilization.

6	The elimination of discrimination in respect of employment and occupation.	CAP is an equal rights employer, without discrimination on account of sex, tribe, religion or profession.
7	Businesses should support a precautionary approach to environmental challenges;	We have undertaken product substitutions in our operations based on environmental considerations. We are committed to producing environmentally friendly products. For example, the company has successfully produced Lead-free water based paints making the company first to achieve this feat in the country. CAP is also at the advanced stage of producing a low VOC solvent based paint.
8	Undertake initiatives to promote greater environmental responsibility;	We work closely with agencies to monitor our environmental performance and sustain improvements. We conduct quarterly environmental audits. We ensure regular maintenance of our effluent system. CAP has a well-articulated Environmental Management Programme which made the company to be awarded the NIS ISO 14001:2004 (Environmental Management System) certification by SON.
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	In making decisions to buy or use products and services, we appraise their environmental friendliness.
10	Businesses should work against all forms of corruption, including extortion and bribery.	CAP is a signatory to the UACN code of ethics and conduct which outlines expected pattern of conduct for all employees including the rejection of any form of inducement, giving or receiving.

Report of the audit committee

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, we have reviewed the audited financial statements of the company for the year ended 31 December 2016 and report as follows:-

a. The accounting and reporting policies of the company are consistent with legal requirements and agreed ethical practices.

b. The scope and planning of the external audit were adequate.

c. The company maintained effective systems of accounting and internal controls during the year.

d. The company's management adequately responded to matters covered in the management report issued by the external auditors.

We deliberated with the external auditors who confirmed that all necessary cooperation was received from management and that they had issued a clean report in respect of the year ended 31 December 2016.

Oluwakemi Ogunnubi (Mrs)
Chairman, Audit Committee
FRC/2017/ICAN/ 00000016098
Dated 14th March 2017

Members of the committee

Cdre. Victor Laseinde (rtd.)		-	Shareholders' representative - (Deceased 12/12/16)
Mr. Opeyemi Agbaje		-	Non-executive director
Mr. Solomon Aigbavboa	(Represented by his alternate Mrs O.O. Ogunnubi)	-	Non-executive director
Ambassador Kayode Garrick		-	Non-executive director
Prince Bassey Manfred		-	Shareholders' representative
Mrs. Abigail Olaaje		-	Shareholders' representative

EY
Building a better working world

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Independent Auditors' Report
To the Members of Chemical and Allied Products Plc
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chemical and Allied Products Plc which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Chemical and Allied Products Plc as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act No.6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Chemical and Allied Products Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Chemical and Allied Products Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee Report and Corporate Governance Report as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. The other information does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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Independent Auditors' Report
To the Members of Chemical and Allied Products Plc
Report on the Audit of the Financial Statements- Continued

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Building a better working world

Independent Auditors' Report

To the Members of Chemical and Allied Products Plc

Report on the Audit of the Financial Statements- Continued

Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Yusuf Aliu, FCA
FRC/2012/ICAN/00000000138
For: Ernst & Young

Lagos, Nigeria

27 March 2017

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0043611

Statement of comprehensive income

	Notes	2016 N'000	2015 N'000
Revenue	5	6,813,984	7,056,876
Cost of sales	7i	(3,501,501)	(3,468,911)
Gross profit		3,312,483	3,587,965
Selling and distribution expenses	7ii	(338,336)	(377,099)
Administrative expenses	7iii	(931,877)	(929,625)
Other income	6	73,288	59,924
Operating profit		2,115,558	2,341,165
Finance income	9	204,459	228,856
Finance cost	10	(23,196)	-
Net Finance income		181,263	228,856
Profit before taxation		2,296,821	2,570,021
Taxation	11	(693,464)	(830,462)
Profit for the year		1,603,357	1,739,559
Other comprehensive income for the year net of taxation		-	-
Total comprehensive income for the year		1,603,357	1,739,559
Earnings per share for profit attributable to the equity holders of the company:			
Basic and diluted EPS (kobo)	13	229	249

The notes on pages 41 to 76 are an integral part of these financial statements.

Statement of financial position

	Notes	2016 N'000	2015 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	595,565	410,324
Intangible assets	15	57,347	74,708
Finance lease receivable	17	10,381	10,382
		663,293	495,414
Current assets			
Inventories	16	933,886	679,193
Trade and other receivables	17	627,520	131,089
Prepayments	18	365,760	239,159
Cash and cash equivalents	19	2,325,540	1,864,445
		4,252,706	2,913,886
Total assets		**4,915,999**	**3,409,300**
Liabilities			
Non-current liabilities			
Borrowing	20	83,598	
Grant	20	1,484	
Deferred taxation liabilities	24	51,998	55,329
		137,080	55,329
Current liabilities			
Trade and other payables	21	1,176,078	550,672
Current income tax liabilities	11	720,713	597,945
Dividend payable	12	520,817	685,221
Borrowing	20	73,686	-
Grant	20	4,136	-
		2,495,429	1,833,838
Total liabilities		**2,632,509**	**1,889,167**
Equity			
Ordinary share capital	22	350,000	350,000
Share premium	22	19,254	19,254
Retained earnings		1,914,236	1,150,879
Total equity		**2,283,490**	**1,520,133**
Total equity and liabilities		**4,915,999**	**3,409,300**

The financial statements on pages 41 to 76 has been approved and authorised for issue by the board of directors on March 16th, 2017

Mr. Larry Ephraim Ettah	Mrs. Omolara Elemide	Mrs. Olufunke Olokodana
Chairman	Managing Director	Finance Controller
FRC/2013/IODN/00000002692	FRC/2013/ICAN/00000001850	FRC/2013/ICAN/00000003222

The notes on pages 41 to 76 are an integral part of these financial statements.

Chemical and Allied Products Plc
Financial statements
For the year ended 31 December 2016

Statement of Changes in Equity

	Share Capital N'000	**Share Premium N'000**	**Retained Earnings N'000**	**TOTAL EQUITY N'000**
At 1 January 2015	350,000	19,254	811,320	1,180,574
Profit for the year	-	-	1,739,559	1,739,559
Total comprehensive income:	-	-	2,550,879	1,739,559
Transaction with owners:		19,254		
Dividends approved	-	-	(1,400,000)	(1,400,000)
Balance at 31 December 2015	**350,000**	**19,254**	**1,150,879**	**1,520,133**
Balance at 1 January 2016	350,000	19,254	1,150,879	1,520,133
Profit for the year	-	-	1,603,357	1,603,357
Total comprehensive income:	-	-	2,754,236	1,603,357
Transactions with owners:				
Dividends approved	-	-	(840,000)	(840,000)
	350,000	**19,254**	**1,914,236**	**2,283,490**

The notes on pages 41 to 76 are an integral part of these financial statements.

Chemical and Allied Products Plc
Financial statements
For the year ended 31 December 2016

Statement of Cash flow

	2016 N'000	2015 N'000
Profit before taxation	2,296,821	2,570,021
Adjustments for:		
Depreciation	80,145	80,683
Amortisation	20,057	19,922
Profit on sale of PPE	(2,898)	(1,171)
Impairment of fixed asset		
Finance expense	23,196	
Finance income	(204,459)	(228,857)
Net foreign exchange difference - (gains)/loss	(222)	349
Dividends received		
Cash from operations before working capital changes	**2,212,640**	**2,440,947**
Increase in inventories	(254,693)	(98,890)
(Increase)/decrease in trade and other receivables	(539,304)	199,099
Increase/(Decrease) in payables	236,363	(175,399)
(Increase)/Decrease in prepayment	(126,601)	335,136
Cash generated from operations	**1,528,405**	**2,700,893**
Interest paid	(23,196)	-
Dividends paid	(840,000)	(1,400,000)
Income taxes paid	(531,155)	(1,039,193)
Net cash from operating activities	**134,054**	**261,700**
Cash flows from investing activities		
Purchase of PPE	(273,621)	(94,873)
Purchase of Intangible assets	(2,696)	-
Proceeds from disposal of PPE	11,134	4,783
Interest received	204,459	228,857
Net Cash flows used in investing activities	**(60,724)**	**138,767**
Cash flows from financing activities		
Dividends refunded	224,639	372,990
Proceed from borrowing	200,000	-
Loan Repayment	(37,096)	-
Net cash from financing activities	**387,543**	**372,990**
Net increase in cash and cash equivalents	**460,873**	**773,457**
Net foreign exchange difference - gains/(loss)	(222)	349
Cash and cash equivalents at beginning of period	**1,864,445**	**1,091,337**
Cash and cash equivalents at end of period	**2,325,540**	**1,864,445**

The notes on pages 41 to 76 are an integral part of these financial statements.

1. General information

Chemical and Allied Products Plc ('the Company') is a company incorporated in Nigeria. The Company is involved in the manufacturing and sale of paint. The address of the registered office is 2 Adeniyi Jones Avenue, Ikeja, Lagos.

The company is a public limited company, which is listed on the Nigerian Stock Exchange domiciled in Nigeria.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been prepared on a historical cost basis. The policies set out below have been consistently applied to all the years presented.

2.1.1 Going Concern

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this financial statements.

2.1.2 Amended accounting standards adopted

The standards and interpretations listed below have become effective since 31 August 2015 for annual periods beginningon 1 January 2016. While the list of new standards is provided below, not all of these new standards will have an impact on this financial statements.

The following new standards and amendments became effective as of 1 January 2016:

• IFRS 14 Regulatory Deferral Accounts
• Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
• Amendments to IAS 27: Equity Method in Separate Financial Statements
• Annual Improvements Cycle - 2012-2014
• Amendments to IAS 1 Disclosure Initiative
• Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

(a) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 are not material to the Company.

(b) Annual Improvements 2012-2014 Cycle

These improvements include:
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
IFRS 7 Financial Instruments: Disclosures
IAS 19 Employee Benefits
IAS 34 Interim Financial Reporting
These amendments do not have any impact on the Company.

2.1.3 New standards, amendments and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable,when they

IFRS 9 Financial Instruments
IFRS 15 15 Revenue from Contracts with Customers
Amendments to IFRS 10 and IAS 28: ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

IAS 7 Disclosure Initiative – Amendments to IAS 7
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
IFRS 16 Leases

i) IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 FinancialInstruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. Although the company has not performed an impact assessment but the Company expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

a) Classification and measurement

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Company expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Company has no existing hedge relationships.

ii) IFRS 15, 'Revenue from contracts with customers'

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company although has not assess the impact of the new standards but plans to adopt the new standard on the required effective date. Furthermore, the Company is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments. The Company is in the business of sales of Paints and appication of paints.The paints and services are sold both on its own in separate identified contracts with customers and together as a bundled package

(a) Sale of goods

Contracts with customers in which the sale of paints is generally expected to be the only performance obligation are not expected to have any impact on the Company's profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Rendering of services

The Company provide application of paints after the sales of the products. Currently, the Company accounts for the sales of products and service as separate deliverables of bundled sales and allocates consideration between these deliverables using the as sales of goods and revenue from services.The Company recognizes service revenue by reference to the stage of completion. Under IFRS 15, allocation will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted.

(c) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Company's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. The Company is in the process of developing and testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of asubsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Company.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company is assessing the potential effect of the amendments on its consolidated financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Company plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

2.2 Segment reporting

Segment information is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions. A segment is a distinguishable component of the company that is engaged either in providing related products or within a particular service or in providing products or services in an economic (geographical) segment that is subject to risks and returns that are different from those of other segments.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira (N), which is the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'.

(c) Foreign currency policy

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.4 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated at cost less any accumulated impairment losses (for land and buldings) and accumulated depreciation (for buildings). All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land and building comprise mainly of factories and offices.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Leasehold properties are depreciated over their useful lives, unless the lease period is shorter, in which case the lease period is used. Depreciation on other fixed assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building on leasehold land	Shorter of useful life and lease terms (44 to 99 years)
Plant and machinery	3 to 43 years
Furniture and fittings	3 to 6 years
Tinting equipment	4 years
Motor vehicles	4 to 6 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.
The notes on pages 8 to 50 are an integral part of these financial statements.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount (refer to impairment Note 2.6 for further details).

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the period.

2.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.
Following initial recognition, intangible assets are carried at cost less any accumulated
amortization and accumulated impairment losses.Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related
expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Notes to the financial statements

2.5 Intangible assets - Continued

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Computer software
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intend to complete the software product and use it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.6 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.
When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2.7 Financial assets

2.7.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets.All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the company commits to purchase or sell the asset.

2.7.2 Subsequent measurement

(i) Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement profit or loss in finance costs for loan and in the cost of sales or other operating expenses for receivables.The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 17 and 19).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when: The rights to receive cash flows from the asset have expired or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without materials delay under a 'pass through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement.

Impairment of financial assets

The company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset, has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed

financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.The amount of any impairment loss identified is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

2. Summary of significant accounting policies (continued)

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss)
continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

2.7.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7.4 Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.7.5 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

2. Summary of significant accounting policies (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.7.6 Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. For more information, refer to Note 20.

2.7.7 Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as deferred income in equal amounts over the expected useful life of the related asset.

When the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

The company's government grant is presented in the statement of financial position by setting up a deferred income (named government grant. This is a Bank of industry loan grant as a result of reduction in interest rate which is below effective interest rate. No unfulfilled conditions exist in respect of the grant.).

After initial recognition, the government grant is recognized as income in profit or loss on a systematic basis over the life of the loan.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.8 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is calculated based on the actual cost that comprises cost of direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand plus short-term deposits. Short-term deposits have a maturity of less than three months from the date of acquisition, are readily convertible to cash and are subject to an insignificant risk of change in value.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Current and deferred income tax

The tax for the year comprises current (company income tax and education tax) and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.11 Current and deferred income tax (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are applicable in the current period. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its tax liabilities on a net basis.

2.12 Employee benefits

The company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(a) Defined contribution schemes
i) Statutory contributions (Note 8): The Pensions Reform Act of 2014 requires all companies to pay a minimum of 10% of employees monthly emoluments to a pension fund on behalf of all full time employees.

ii) Voluntary contributions (Note 8): The company also contributes on an annual basis a fixed percentage of the employees salary to a fund managed by a fund administrator. The funds are invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement.

(a) Defined contribution schemes (continued)

The contributions are recognised as employee benefit expenses when they are due. The company has no further payment obligation once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.12 Employee benefits (continued)

(b) Productivity incentive and bonus plans
All full time staff are eligible to participate in the productivity incentive scheme. The company recognises a liability and an expense for bonuses and productivity incentive, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

(i) Sale of goods
Revenue arises from the sale of paints and other decoratives and is recognised when the risks and rewards associated with ownership are transferred to the buyer. Due to the short term nature of these transactions no significant judgements are required.

(ii) Interest Income
Interest income is recognised using the effective interest method.

(iii) Rendering of services
Revenue arises from the use of assets and provision of technical support to the agents.
Revenue is recognized when services are rendered.
Finance lease
Leases that transfer substantially all the risks and rewards incidenatal to ownership of an asset to another party, the lessee, are classified as finance leases. Title may or may not eventually be transferred. Where the company is the lessor, assets subject to finance leases are initially reported as receivables at an amount equal to the net investment in the lease. Lease income from finance lease is subsequently recognised as earned income over the term of the lease based on the effective interest rate method.

2.14 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.
A lease is classified at the inception date of a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

2.14 Leases - Continued

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of porfit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership of the by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Company as a lessor
Leases in which the company does not transfer substantially all the risks and ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contigent rents are recognised as revenue in the period in which they are earned.

2.15 Fair value measurement

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value
(c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable:

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.16 Dividend distribution

Dividend distribution to the company’s shareholders is recognised as a liability in the company’s financial statements in the period in which the dividends are approved by the company’s shareholders. In respect of interim dividends these are recognised once declared by the board of directors.

Divided not claimed for over a period of 18montths are refunded back to the company and are treat as liability in the company's financial statements.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.17 Risk management

The board through the Risk and Governance Committee has the responsibility for developing and implementing an enterprise - wide risk management framework for identifying, measuring, monitoring and controlling risks in the company. The executive management ensures the implementation of controls put in place to mitigate the various identified risks and report updates of status to the Board quarterly.

3. Financial risk management

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

(a) Market risk

(i) Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar as a result of importing key raw materials. Foreign exchange risk arises from future commercial transactions. There are limited exposures to recognised assets and liabilities.

The company manages its risk in the following ways: Scenario planning, information sharing within the group,In-plant tinting,local production of dulux trade bases,effective working capital management and planning, export drive,insurance, participation in MAN,NECA activities to influence government policies.

The company does not make use of derivatives to hedge its exposures. Letters of credit are issued by the company to the foreign suppliers for the purchase of materials.The Company does not hedge but buys from the official market to mitigate the difference between the official and parallel markets.

The company's foreign exchange risk is as follows:

	2016	**2015**
Cash and short term deposits:	**N '000**	**N '000**
Naira	2,268,140	1,838,279
USD	56,248	715
GBP	1,152	25,451
Total cash and short term deposits	2,325,540	1,864,445

Notes to the financial statements

3. Financial risk management

Financial risk factors (continued)

(i) Foreign exchange risk (continued)

	2016	**2015**
	N'000	**N'000**
If the Naira was to decrease by 1% against the foreign currencies the impact on profit would be as follows (and vice versa for a 1% increase).	574	262

(ii) Price risk
The company is not exposed to equity securities price risk and commodity price risk. The company had no equity securities as at 31 December 2016 and 31 December 2016.

(iii) Interest rate risk

The company's interest rate risk arises from short term deposits of excess funds which are held at variable rates and interest rate on the borrowing from BOI. The company monitors interest rate exposures and sensitivities on a monthly basis

The company's interest rate risk concentration is as follows:

		31 December 2016		
	Weighted	Interest bearing		Non-interest
	average	Variable rate	Fixed rate	bearing
	%	**N'000**	**N'000**	**N'000**
Financial assets				
Finance lease receivable	28.6	-	10,381	-
Trade and other receivables (excluding prepayments)	-	-	-	592,083
Cash and bank balances	-	-	-	118,940
Short term deposits	13.32	-	2,206,600	-
		-	**2,216,980**	
Financial liabilities				
Borrowing			162,904	-
Trade and other payables		-	-	401,111
		-	**162,904**	**401,111**

Notes to the financial statements

		31 December 2015		
	Weighted	Interest bearing		Non-interest
	average	Variable rate	Fixed rate	bearing
	%	**N'000**	**N'000**	**N'000**
Financial assets				
Finance lease receivable	28.6	-	10,382	-
Trade and other receivables (excluding prepayments)	-	-	-	88,135
Cash and bank balances	-	-	-	197,176
Short term deposits	11.23	-	1,667,269	-
		-	**1,677,651**	

Notes to the financial statements

3. Financial risk management

3.1 Financial risk factors (continued)

Financial liabilities			
Trade and other payables	-	-	223,038
	-	**-**	**223,038**

(b) Credit risk

Credit risk is monitored and managed in the company by the Finance Controller. The company is responsible for managing and analysing the credit risk for each of her new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents,and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the company utilises the institutions that have sufficient reputational risk but do not strictly monitor their formal ratings . In addition the company monitors its exposures with individual institutions and has internal limits to control maximum exposures. Credit terms are set with customers based on past experiences, payment history and reputations of the customers. Sales to retail customers are settled in cash, while only agents and corporate customers are given credits based on limits set by the board, typically 30 days.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

31 December 2016

	Total gross amount	Fully performing	Past due but not impaired	Impaired
	N'000	**N'000**	**N'000**	**N'000**
Finance lease receivable	10,381	10,381	-	-
Trade receivables	69,747	40,313	8,495	20,939
Intergroup balances	508,183	501,493	-	6,690
Other receivables	47,426	26,740	-	20,686
Advances to staff	344	344	-	-
Cash and bank balances	118,940	118,940	-	-
Short term deposits	2,206,600	2,206,600	-	-
	2,961,621	**2,904,811**	**8,495**	**48,315**
-				
	28,441	**92,945**		

31 December 2015

	Total gross amount	Fully performing	Past due but not impaired	Impaired
	N'000	**N'000**	**N'000**	**N'000**
Finance lease receivable	10,382	10,382	-	-
Trade receivables	64,756	27,584	16,058	21,114
Intergroup balances	26,323	19,633		6,690
Other receivables	29,560	2,232	3,053	24,275
Advances to staff	344	344	-	-
Cash and bank balances	197,176	197,176	-	-
Short term deposits	1,667,269	1,667,269	-	-
	1,995,810	**1,924,620**	**19,111**	**52,079**

Notes to the financial statements

3. Financial risk management

3.1 Financial risk factors (continued)

Details of the credit quality of performing assets are as follows:

	2016	2015
Counterparties without external credit ratings	N'000	N'000
Trade receivables		
Group 1	13,656	12,895
Group 2	26,657	14,689
	40,312	**27,584**
Intergroup balances		
Group 1	501,493	19,633
Finance lease receivable		
Group 1	10,381	10,382
Other receivables		
Group 1	26,740	2,232
Advances to staff		
Group 2	344	344

The company defines the ratings as follows:

Group 1 -	These are balances with blue chip, listed and other large entities with a low chance of default.
Group 2 -	These are balances with small - medium sized entities with no history of defaults
Group 3 -	These are balances with small - medium sized entities with a history of defaults or late payments.

Details of the past due but not impaired assets are as follows:

	2016	2015
	N'000	N'000
Trade receivables		
< 30 days	-	10,500
30-60 days	-	2,000
Above 60 days	8,495	3,558
	8,495	**16,058**

	2016	2015
	N'000	N'000
Other receivables		
Past due 30-60 days	40,752	3,053
Past due 60-90 days	-	-
	40,752	**3,053**

Notes to the financial statements

3. Financial risk management

3.1 Financial risk factors (continued)

Details of the impaired assets are as follows:

	2016	**2015**
	N'000	**N'000**
Trade receivables		
Past due 90-180 days	-	176
Past due > 180 days	20,939	20,938
	20,939	**21,114**
Other receivables		
Past due > 180 days	20,686	24,275

Reconciliation of the provision for impairment:

	2016	**2015**
Trade receivables	**N'000**	**N'000**
At 1 January	21,114	21,980
Provision for receivables impairment	561	3,276
Receivables written off during the year as uncollectible	0	(186)
Unused amounts reversed	(737)	(3,956)
At 31 December	**20,939**	**21,114**

Reconciliation of the provision for impairment:

	2016	**2015**
Other receivables	**N'000**	**N'000**
At 1 January	(24,275)	(8,836)
Provision for receivables impairment	0	(20,749)
Unused amounts reversed	3,589	5,310
At 31 December	**(20,686)**	**(24,275)**

(c) 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.

Cash flow forecasting is performed in the company and rolling forecasts of the company's liquidity requirements is monitored to ensure it has sufficient cash to meet operational needs at all times. in aadition the company obtaine letter of credits as a cover for it's foreign suppliers.

Surplus cash held by the company over and above balance required for working capital management are invested in interest bearing current accounts, time deposits, money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the company held money market funds of N2,206,600,000 (2015: N1,667,269,000) that are expected to readily generate cash inflows for managing liquidity risk.

Notes to the financial statements

3. Financial risk management

3.2 Capital risk management

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2016	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
	N'000	**N'000**	**N'000**	**N'000**
Borrowing	20,000	57,822	85,082	
Trade and other payables	401,111	-	-	-
	421,111	**57,822**	**85,082**	**-**

At 31 December 2015	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
	N'000	**N'000**	**N'000**	**N'000**
Trade and other payables	223,038	-	-	-
	223,038	**-**	**-**	**-**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of financial position). Total equity is calculated as 'equity' as shown in the statement of financial position.

	2016	**2015**
	N'000	**N'000**
Trade and other payables	**1,176,078**	**550,672**
Loans and borrowings	**162,904**	**-**
Less:cash and cash equivalents	**(2,325,540)**	**(1,864,445)**
Net debt	**(986,558)**	**(1,313,773)**
Equity	2,283,490	1,520,133
Total Equity	**2,283,490**	**1,520,133**
Capital and debt	**1,296,932**	**206,360**
Gearing ratio	(76%)	(637%)

The company is a low geared company.

Notes to the financial statements

4. Significant judgements and estimates

4.1 Significant estimates

The preparation of financial statement in conformity with IFRS requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas where judgment and estimates are significant to the financial statements are as follows:

Property, plant and Equipment
Estimates are made in determining the depreciation rates and useful lives of these property, plant and equipment. These financial statements have, in the management's opinion been properly prepared within reasonable limits of materiality and within the framework of the summarised significant accounting policies.(refer to Note 2.4 for further details).

Allowance for uncollectible accounts receivable and advances
The allowance for doubtful accounts involves management judgement and review of individual receivable balances based on an individual customer's prior payment record, current economic trends and analysis of historical bad debts of a similar type.(refer to Note 2.7.4 for further details).

4.2 Significant judgements

No significant judgements were made during the year. There are no assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

5. Analysis by revenue

The Company

The chief operating decision-maker has been identified as the executive directors. The executive directors review the company's internal reporting on monthly income statement and financial position in order to assess performance and allocate resources.

The notes on pages 8 to 50 are an integral part of these financial statements.

The executive directors assess performance of the operating segment based on profit from operations.

Entity wide information:	**2016**	**2015**
Analysis of revenue:	**N'000**	**N'000**
Sale of paint products	6,787,639	7,008,357
Revenue from services	26,345	48,519
	6,813,984	7,056,876
Analysis of revenue by geographical location:		
The financial statements on pages 3 to 50 has been approved and authorised for issue by the board of directors on March 16th, 2017	6,813,984	7,056,876

Revenue from services relates to application of paints for some customers

Concentration risk

Three customers who are agents of the company contributed 33% of the turnover.

Notes to the financial statements

6. Other income

	2016	2015
	N'000	**N'000**
Sale of scrap items	6,314	6,659
Profit on sale of PPE	2,898	1,170
Sundry income	13,042	-
Management fees	50,812	51,746
Exchange gain	222	349
	73,288	59,924

Management fees represent income generated from management services rendered to the company's key distributors.

7. Expenses by nature

	2016	2015
	N'000	**N'000**
Change in inventories of finished goods and work in progress	3,041,040	3,090,856
Directors' emoluments (Note 8iii)	57,104	55,375
	523,529	548,407
Auditors' fees	19,530	20,575
Depreciation of property,plant & equipment (Note 14)	80,145	80,683
Amortisation of intangible assets	20,057	19,922
Royalty fees (Note 25a)	116,642	101,362
Commercial service fees (Note 25b)	71,475	74,162
Computer charges	39,634	40,486
General risk insurance premium	11,801	9,263
Marketing, communication & entertainment	123,141	183,251
Tour and travelling	41,158	42,406
Cleaning and laundry	17,066	17,807
Carriage outward	116,842	131,602
Hire of equipment	24,493	27,860
Capdec project cost	15,477	24,999
Other expenses	452,581	306620
	4,771,714	4,775,635
Cost of sales	3,501,501	3,468,911
Selling and distribution expenses	338,336	377,099
Admininstrative expenses	931,877	929,625
	4,771,714	4,775,635

Other expenses relates to security services, office cleaning expenses, awards and conferences expenses incurred during the year.

Notes to the financial statements

8. Employee benefits

	2016	2015
Staff costs include:	**N'000**	**N'000**
Wages and salaries	507,348	537,936
Pension costs:		
- Defined contribution plans (Statutory)	35,820	32,400
- Defined contribution plans (Voluntary)	37,465	33,446
	580,633	603,782

Particulars of directors and staff

(i) The company had in its employment during the year the weekly average number of staff in each category below. The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	2016	2015
	N'000	**N'000**
Costs		
Management	382,284	354,291
Staff	198,349	249,491
Total	580,633	603,782

	2016	2015
Numbers	**Number**	**Number**
Management	89	87
Staff	136	140
	225	227

Notes to the financial statements

8. Employee benefits (continued)

(ii) The table below shows the number of employees who earned over =N=300,000 as emoluments in the year and were within the bands stated.

=N=		2016 Number	2015 Number
300,001	350,000	3	3
350,001	400,000	1	3
400,001	500,000	5	4
500,001	600,000	26	33
600,001	700,000	24	24
700,001	800,000	9	23
800,001	900,000	23	23
900,001	1,000,000	6	17
1,000,001	1,200,000	25	23
1,200,001	1,400,000	30	8
1,400,001	1,600,000	7	2
1,600,001	1,800,000	3	10
1,800,001	2,000,000	5	10
2,000,001	2,200,000	13	3
2,200,001	2,400,000	5	9
2,400,001	2,600,000	7	4
2,600,001	3,000,000	9	10
3,000,001	4,000,000	13	8
4,000,001	5,000,000	4	4
5,000,001	6,000,000	3	2
7,000,001	8,000,000	2	1
8,000,001	9,000,000		1
9,000,001	10,000,000		-
10,000,001	11,000,000	1	1
15,000,001	16,000,000		1
16,000,001	18,000,000	1	
		225	227

(iii) Emoluments of directors

	2016 N'000	2015 N'000
Fees	1,175	1,175
Passage allowance	38,388	27,276
Other emoluments	17,541	26,924
	57,104	55,375

	2016 N'000	2015 N'000
(iv) The Chairman's emoluments	9,989	6,218
(v) Emolument of the highest paid director	17,541	18,485

Notes to the financial statements

8. Employee benefits (continued)

(vi) The table below shows the number of directors of the company, whose remuneration, excluding pension contributions, fell within the bands shown.

=N=			2016 Number	2015 Number
1,000,000	-	3,000,000	-	-
3,000,001	-	5,000,000	-	3
5,000,001	-	8,000,000	3	1
8,000,001	-	10,000,000	1	-
12,000,001	-	14,000,000	-	1
14,000,001	-	16,000,000	-	-
16,000,001	-	18,000,000	1	1
			5	6

Key management compensation

Key management have been defined as the executive directors.

Key management compensation includes:	2016 N'000	2015 N'000
Short-term employee benefits:		
- Wages and salaries	17,541	24,485
- Directors emoluments	7,375	9,834
Post employment benefits:		
- Defined contribution plan	1,902	2,439
	26,819	36,759

The above amounts have been included in directors emoluments above. `

9. Finance income

	2016 N'000	2015 N'000
Interest income on short-term bank deposits	182,931	126,428
Interest income on loan to related party	12,266	20,092
Interest income on Dividend Deposit	-	80,136
Interest from Grant	6,264	
Interest income on finance lease assets	2,998	2,201
	204,459	228,856

10. Finance Cost

	2016 N'000	2015 N'000
Interest cost	(23,196)	-
	(23,196)	0

Notes to the financial statements

11. Taxation

	2016 N'000	2015 N'000
Current tax		
Nigeria corporation tax charge for the year	696,794	849,443
Deferred tax		
Temporary differences, origination and reversal	(3,330)	(18,981)
Adjustments in respect of prior periods		-
Total deferred tax (Note 24)	(3,330)	(18,981)
Income tax expense	693,464	830,462

Nigeria corporation tax is calculated at 30% (2015: 30%) of the estimated chargeable profit for the year. Education tax is 2% of the assessable profit.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2016 N'000	2015 N'000
Accounting Profit before tax	**2,296,821**	**2,570,021**
Tax at the Nigeria corporation tax rate of 30% (2015: 30%)	689,046	771,006
Impact of disallowable expenses	18,571	40,412
Impact of Education tax	47,000	55,833
Prior Year (Over)/ Under Provision	(23,749)	9,998
Deferred tax writeback for the year		
Utilisation of previously unrecognised tax losses	(37,404)	(46,787)
	693,464	**830,462**
Effective tax rate	30%	32%
Income tax recognised in profit or loss		
Tax at the Nigeria corporation tax rate of 30% (2015: 30%)	673,543	783,613
Education tax	47,000	55,833
Prior Year (Over)/ Under Provision	(23,749)	9,998
Deferred tax writeback for the year	(3,330)	(18,981)
Tax charge for the year	**693,464**	**830,462**

Notes to the financial statements

11. Taxation (continued)

	2016 N'000	2015 N'000
Per income statement		
Income tax	673,543	783,613
Education tax	47,000	55,833
Prior Year (Over)/ Under Provision	(23,749)	9,998
Deferred taxation (Note 24)	(3,330)	(18,981)
	693,464	830,462
Per statement of financial position:		
Balance 1 January		
Income tax	546,106	736,977
Education tax	51,839	50,719
Capital gains tax	-	-
	597,945	787,695
Payments during the year:		
Income tax	(479,090)	(978,477)
Education tax	(51,839)	(50,719)
WHT Utilised	(42,873)	-
Back duty tax	(226)	(9,998)
	(574,028)	(1,039,193)
Provision for the year:		
Income tax	673,543	783,613
Education tax	47,000	55,833
Prior Under Provision	(23,749)	9,998
	696,794	849,443
Balance as at 31 December	720,713	597,945

Notes to the financial statements

12. Dividends

Amounts recognised as distributions to ordinary shareholders in the year comprise:

	2016 N'000	2015 N'000
At 1 January	685,221	312,231
*Final dividend	840,000	595,000
**Interim dividend		805,000
Reclassification to Other payable	(389,043)	-
***Dividend refunded	224,639	372,990
Payments during the year	(840,000)	(1,400,000)
At 31 December	520,817	685,221

***The dividend refunded relates to a recall of dividend deposited with the Registrars which have stayed over and above 18 months.

13. Earnings per share

(a) Basic
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2016	2015
Weighted average number of ordinary shares in issue ('000)	700,000	700,000
Profit attributable to ordinary equity shareholders (N'000)	1,603,357	1,739,559
Basic earnings per share (kobo)	229	249
(b) Diluted	229	249

There were no potentially dilutive shares outstanding at 31 December 2016.

Notes to the financial statements

14. Property, plant and equipment

Cost	Leasehold Land N'000	Buildings on leasehold land N'000	Tinting equipment N'000	Plant and Machinery N'000	Furniture and fittings N'000	Motor vehicles N'000	WIP N'000	Total N'000
At 1 January 2015	11,472	53,524	125,763	379,212	109,476	174,515	11,312	865,274
Additions	-	322	15,548	37,062	17,189	31,064	(6,312)	94,873
Disposals	-	-	(5,189)	(1,002)	(5,619)	(25,155)	-	(36,965)
At 31 December 2015	11,472	53,846	136,122	415,273	121,046	180,424	5,000	923,183
At 1 January 2016	11,472	53,846	136,122	415,273	121,046	180,424	5,000	923,183
Additions	-		28,178	11,540	7,006	15,104	211,793	273,621
Disposals	-		-	(7,510)	(3,701)	(23,845)		(35,056)
At 31 December 2016	11,472	53,846	164,300	419,303	124,351	171,684	216,793	1,161,748
Accumulated depreciation								
At 1 January 2015	-	14,455	103,726	170,946	86,048	90,353	-	465,528
Charge for the year	-	1,749	14,737	26,496	13,861	23,840	-	80,683
Disposals	-	-	(4,468)	(992)	(5,533)	(22,360)	-	(33,353)
At 31 December 2015	-	16,204	113,995	196,451	94,376	91,833	-	512,859
At 1 January 2016	3,862	12,342	113,994	196,452	94,373	91,834	-	512,857
Charge for the year	-	1,765	15,559	27,056	12,177	23,588	-	80,145
Disposals	-	-		(7,459)	(3,553)	(15,809)	-	(26,820)
At 31 December 2016	3,862	14,107	129,553	216,050	102,997	99,613	-	566,182
Net book values								
At 31 December 2016	7,610	39,739	34,747	203,253	21,354	72,071	216,793	595,565
At 31 December 2015	11,472	37,642	22,127	218,822	26,670	88,591	5,000	410,324

Leasehold properties have an unexpired tenure of between 44 and 65 years.
Work in progress (WIP) relates to the amount incurred for factory extension which is yet to be completed.

15. Intangible assets

Cost of software:	**2016** N'000	**2015** N'000
At 1 January	99,611	99,611
Additions	2,696	-
Balance at 31 December	**102,306**	**99,611**
Amortization of software		
At 1 January	24,903	4,981
Amortization of software during the year	20,057	19,922
Balance at 31 December	**44,960**	**24,903**
Net Balance At 31 December	**57,347**	**74,708**

Notes to the financial statements

16. Inventories

	Valued at:	2016 N'000	2015 N'000
Raw materials	Cost	286,706	139,571
Intermediates	Cost	12,813	10,445
Technical stocks and spares	Cost	14,315	10,187
Containers and labels	Cost	38,610	22,765
Consumable stocks	Cost	8,068	9,752
Finished goods	Cost	580,760	496,791
		941,272	689,510
Less: provision for impairment of inventories		(7,387)	(10,317)
		933,886	679,193

	2016	2015
The (reversal)/ provision for inventory is included in the income statements during the year. The reversal in the current year was due to write off of inventory earlier provided for.	(2,931)	5,602
The amount of inventories recognized as an expense during the year:	3,041,040	3,090,856

17. Trade and other receivables

Receivables due within one year	2016 N'000	2015 N'000
Trade receivables	69,747	64,756
Less: provision for impairment of trade receivables	(20,939)	(21,114)
Receivables from related parties (Note 25)	508,183	26,323
Impairment on receivables from related parties	(6,690)	(6,690)
Witholding tax receivable	49,720	65,818
Impairment on witholding tax receivable	(41,368)	(52,933)
Witholding tax credit notes received	41,783	49,301
Other receivables	47,426	29,560
Impairment on other receivables	(20,686)	(24,275)
Advances to staff	344	344
	627,520	131,089

Movements in the provision for impairment of trade receivables are as follows:

	2016 N'000	2015 N'000
At 1 January	21,114	21,980
Provision for receivables impairment	561	3,276
Receivables written off during the year	-	(186)
Unused amounts reversed	(737)	(3,956)
At 31 December	20,938	21,114

Notes to the financial statements

17. Trade and other receivables (continued)

Receivables due after one year, finance lease receivables

	2016 N'000	2015 N'000
Gross investment in lease	91,601	94,600
Unearned finance income	(81,220)	(84,218)
Net investment in lease	10,381	10,382

Gross investment in lease

Gross finance lease receivable - minimum lease receivable		
- No later than 1 year	2,200	2,200
- 2 to 5 years	11,000	11,000
- More than 5 years	78,401	81,400
	91,601	94,600
Future finance income on lease	(81,220)	(84,218)
Present value of finance lease receivable	10,381	10,382
The present value is analysed as follows:		
- No later than 1 year	1,610	1,612
- 2 to 5 years	4,306	4,308
- More than 5 years	4,464	4,462
	10,381	10,382

The company has entered into a finance lease for a warehouse to a related party, MDS Logistics. The lease is for a total period of 51 years; of this period 43 years remain in the contract. The property reverts to the company at the end of the lease period.

18. Prepayments

	2016 N'000	2015 N'000
Import prepayment	203,392	166,318
Other prepayments	162,368	72,841
Impairment on Other prepayments	-	-
	365,760	**239,159**

19. Cash and cash equivalents

	2016 N'000	2015 N'000
Cash at bank and in hand	118,940	197,176
Short-term deposits	2,206,600	1,667,269
	2,325,540	**1,864,445**

Notes to the financial statements

20. Interest-bearing loans and borrowings

	2016	2015
Borrowing Non-current portion		
Borrowing	83,598	-
	83,598	-
Borrowing current portions		
Borrowing	73,686	-
	73,686	-
Grant		
Non current portion	1,484	-
Current portion	4,136	-
	5,620	-
Movement in grant		
At 1 January 2016	-	-
Addition during the year	**11,884**	-
Release to profit or loss	**(6,264)**	-
Grant	**5,620**	-

Bank of Industry granted the company a loan of N200m to finance the in-plant tinting machine in company. The duration of the loan is for 3 years.(Plus 6 months moratorium on principal) with an interest rate of 10%.
The company's grant is presented in the statement of financial position by setting up a deffered income named government grant because the interest rate is below the effective interest rate.
No unfulfilled conditions exist in respect of the government grant.
After initial recognition, the government grant is recognized as income in profit or loss on a systematic basis over the life of the loan. See Note 2.7.6 for more details.

21. Trade and other payables

	2016 N'000	2015 N'000
Trade payables	242,354	85,986
Royalty accrual	116,550	101,362
	358,904	**187,348**
Provision for employee leave	1,057	1,074
Defined contribution benefit owing to UNICO fund		
VAT payable	7,132	18,880
Witholding tax payable	6,957	14,965
Other payables	11,904	10,902
Income received in advance	96,327	107,304
Accrued marketing expenses	29,246	23,714
Other accruals	664,551	186,485
	1,176,078	550,672

	2016	2015
Average credit period taken for trade purchases (days)	30	30

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The directors consider the carrying amount of trade and other payables to approximate its fair value.

Income received in advance includes the advance received from customers of N18.27 million, rent received in advance of N4.7 million and interest received in advance of N73.36 million

Notes to the financial statements

22. Share capital

	2016		2015	
	Number	Amount	Number	Amount
Authorised:	N'000	N'000	N'000	N'000
Ordinary shares of 50k each	840,000	420,000	840,000	420,000
Issued and fully paid:				
Ordinary shares of 50k each	700,000	350,000	700,000	350,000

Movements during the year:	Number of shares '000	Ordinary shares N'000
Balance at 1 January 2015	560,000	280,000
Bonus issue	140,000	70,000
At 31 December 2015	700,000	350,000
Bonus issue	-	-
At 31 December 2016	700,000	350,000

Share premium	N'000
Movement during the year	-
At 31 December 2016	19,254

Nature and purpose of reserves

The share premium reserve is used to recognise the amount above the par value of issued and fully paid ordinary share of the Company.

At the Annual General Meeting held on 24 June 2013, the shareholders approved the distribution of bonus shares of 1 for every 4 shares held as at 29 April 2013. The amount of N70 million representing the total value of the bonus issue was capitalised during the year through a capitalisation of retained earnings.

23. Reconciliation of profit before tax to cash generated from operations:

	2016	**2015**
	N'000	**N'000**
Profit before tax	2,296,821	2,570,021
Depreciation of property, plant and equipment	80,145	80,683
Impairment of Property plant and equipment		-
Net foreign exchange difference - (gains)/loss	(222)	349
Amortization of Intangible assets	20,057	19,922
Profit on disposal of property,plant & equipment	(2,898)	(1,171)
Interest paid	23,196	
Interest income	(204,459)	(228,857)
Operating cash flows before movements in working capital	2,212,640	2,440,947
Movements in working capital:		
Increase in inventory	(254,693)	(98,890)
Increase in trade and other receivables	(496,431)	199,099
Decrease/(increase) in prepayments	(126,601)	335,136
Increase in trade and other payables	236,363	(175,399)
Cash generated from operations	**1,571,278**	**2,700,893**

Notes to the financial statements

24. Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Statement of financial position:	**2016 N'000**	**2015 N'000**
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	(51,998)	(55,329)
	(51,998)	(55,329)
Accelerated depreciation property, plant & equipment	(45,651)	(89,929)
Trade and other receivables	(5,468)	31,505
Inventories	(879)	3,095
	(51,998)	(55,329)

The movement on the deferred income tax account is as follows:

	2016 N'000	**2015 N'000**
At 1 January	(55,329)	(74,310)
Income statement charge (Note 10)	3,330	18,981
At 31 December	(51,998)	(55,329)

25. Related party transactions

The immediate and ultimate parent, as well as controlling party of the company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to CAP Plc through common shareholdings and directorship.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	Relationship	**2016 N'000**	**2015 N'000**
UAC of Nigeria Plc	Parent	382	-
UAC Foods Limited	Fellow subsidiary	2,420	1,389
UACN Property Dev. Company Plc	Fellow subsidiary	16,996	43,870
UAC Restaurants	Fellow subsidiary	1,077	976
Livestock Feeds Plc	Fellow subsidiary	-	-
UAC Dairies	Fellow subsidiary	-	1,014
Portland	Fellow subsidiary	1,159	-
MDS Logistics	Fellow subsidiary		344
		22,034	47,593

(b) Purchases of goods and services

	2016 N'000	**2015 N'000**
UAC of Nigeria Plc: Commercial service fee (Note 7)	71,475	74,162

(c) Key management compensation

Key management have been determined as directors (executive and non-executive) the Chairman and other senior management that form part of the leadership team. Details of compensation are documented in note 8. There were no other transactions with key management during the year.

Portland Paint Products Nig. PLC	Fellow subsidiary	34	
UAC Foods Ltd	Fellow subsidiary	10	124
		8,183	26,324

Notes to the financial statements

25. Related party transactions (continued)

(e) Loan to Related Party:

	Relationship	2016 N'000	2015 N'000
Livestock Feeds Plc	Fellow subsidiary	500,000	-

The loan granted to Livestock Feeds Plc attracts interest at a mutually agreed commercial rate, at a

	Relationship	2016 N'000	2015 N'000
Finance lease receivable		**N'000**	**N'000**
MDS Logistics	Fellow subsidiary	10,381	10,382

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the Company recorded an impairment of receivables relating to amounts owed by related parties 2016: N6,690,000 (2015: N6,690,000). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

26. Capital commitments and contingent liabilities

Capital Commitments

	2016 N'000	2015 N'000
Capital expenditure authorised & contracted	112,064	339,245

Contingent liabilities

`

31 December 2016 and 2015
The company is involved in some legal actions in the ordinary course of business. Based on advice from the company's counsel, the directors are of the opinion that the company has good defence against the claims and no material loss is anticipated.

27. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, whose carrying amounts are reasonable approximations of fair values:

		Fair value		
2016	Carrying value	level 1	level 2	level 3
	N'000	N'000	N'000	N'000
Assets:				
Trade and other receivables	96,578	-	-	96,578
Receivables from related parties	501,493	-	-	501,493
Cash and cash equivalent	2,325,540	-	-	2,325,540
Liabilities:				
Trade and other payables	421,111	-	-	421,111
Borrowing	157,284	-	165,517	

		Fair value		
2015	Carrying value	level 1	level 2	level 3
	N'000	N'000	N'000	N'000
Assets:				
Trade receivables	73,546	-	-	73,546
Receivables from related parties	26,323	-	-	26,323
Cash and cash equivalent	1,864,445	-	-	1,864,445
Trade and other payables	401,111	-	-	401,111.00

The carrying value of cash and cash equivalent, trade and other receivables, trade and other payables and receivables from related parties approximates their fair values as at the reporting dates.

Methods and assumptions used:

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. These includes cash and cash equivalent.

The fair values of the Company's interest-bearing borrowings and loans are determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2016 was assessed to be insignificant.

Notes to the financial statements

28. Technical support agreements

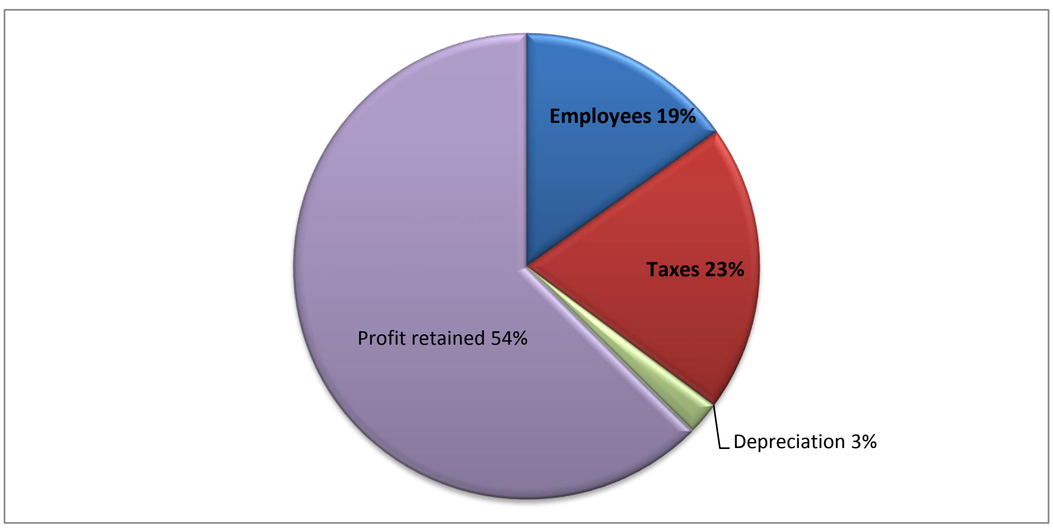
(a) The company has a royalty agreement with AkzoNobel United Kingdom in respect of paints produced and sold. Amount charged for the year (representing 3% of revenue of Dulux Brand) is N116.55million (2015: N101.36million)

(b) The Company has commercial services agreement with UACN Plc for support services. Expense for commercial services fee (representing 1% of revenue of the company) is N71.55million (2015: N74.16million).

Value Added Statement

	2016 N'000	%	2015 N'000	%
Revenue	6,813,984		7,056,876	
Other income	254,551		288,781	
Bought in materials and services				
Local	(2,795,524)		(2,450,846)	
Imported	(1,295,355)		(1,620,402)	
Value Added	**2,977,656**	**100**	**3,274,408**	**100**
Applied as follows:				
To pay employees as salaries, wages and other benefits	580,633	19	603,782	18
To pay government as taxes	696,794	23	849,443	26
Retained for replacement of assets and business growth:				
Deferred taxation	(3,330)	-	(18,981)	-
Amortization of intangibles and depreciation	100,202	3	100,605	3
Profit attributable to members	1,603,357	54	1,739,559	53
	2,977,656	**100**	**3,274,408**	**100**

Value added represents the additional wealth which the company has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth to employees, government, providers of capital and the amount retained for the future creations of more wealth.



Company five-year financial summary

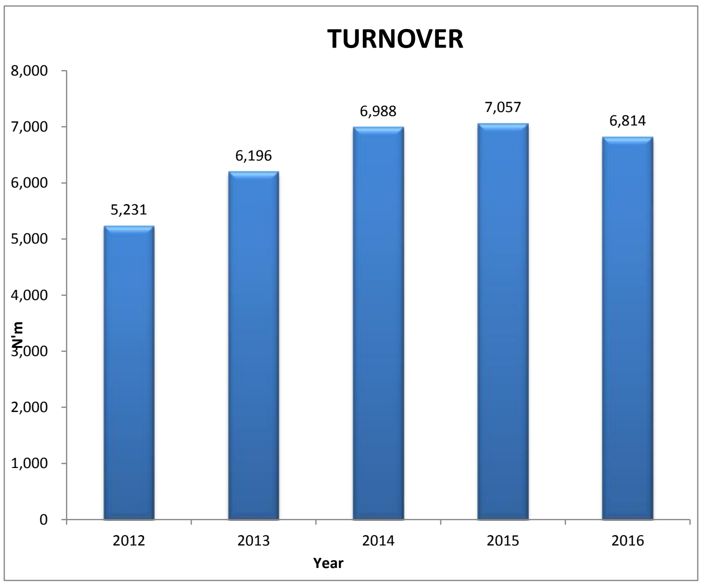
	IFRS 2016 N'000	IFRS 2015 N'000	IFRS 2014 N'000	IFRS 2013 N'000	IFRS 2012 N'000
Assets Employed					
Property, plant and equipment	595,565	410,324	399,746	414,158	411,654
Intangible assets	57,347	74,708	94,630	55,885	29,996
Finance lease assets	10,381	10,382	10,383	10,384	10,385
Deferred tax asset	-	-	-	-	-
Net current assets	1,757,277	1,080,048	750,124	870,012	741,669
	2,420,570	1,575,462	1,254,883	1,350,439	1,193,704
Deferred taxation	(137,080)	(55,329)	(74,310)	(82,291)	(75,132)
Retirement benefits obligations	-		-	-	-
	2,283,490	1,520,133	1,180,573	1,268,148	1,118,572
Funds Employed					
Share capital	350,000	350,000	350,000	350,000	280,000
Share premium	19,254	19,254	19,254	19,254	19,474
Retained earnings	1,914,236	1,150,879	811,319	898,894	819,098
	2,283,490	1,520,133	1,180,573	1,268,148	1,118,572
RESULTS					
Continued business	**6,813,984**	**7,056,876**	**6,987,604**	**6,195,824**	**5,231,330**
Turnover and profits					
Turnover	6,813,984	7,056,876	6,987,604	6,195,824	5,231,330
Profit before taxation	2,296,821	2,570,021	2,442,140	2,086,993	1,661,181
Taxation	(693,464)	(830,462)	(779,715)	(670,198)	(545,627)
Profit for the year attributable	1,603,357	1,739,559	1,662,425	1,416,795	1,115,554
Interim dividend	-	(805,000)	(1,050,000)	(875,000)	(700,000)
Profit retained	1,603,357	934,559	612,425	541,795	415,554
Per 50k share data (kobo)					
Earnings per share- Basic	229	249	237	202	199
Earnings per share- Adjusted	229	249	237	202	159
Dividend per share- Basic	-	115	235	225	195
Dividend cover	-		1	1	1

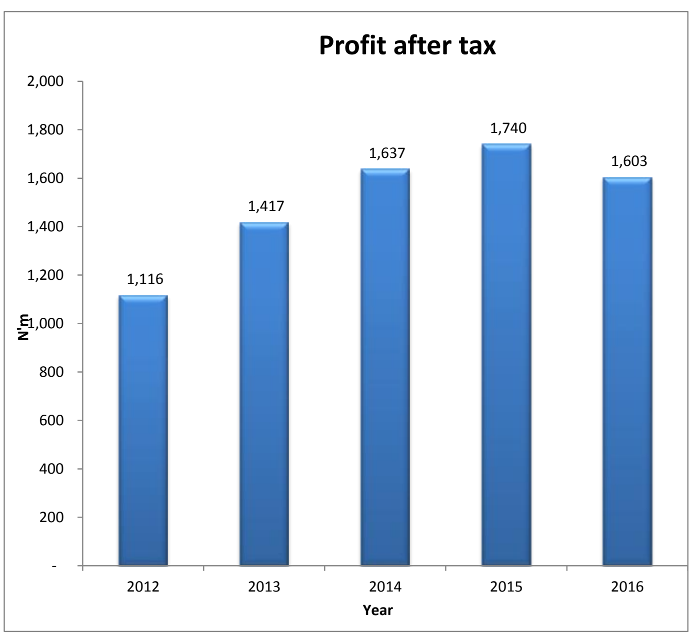
Notes

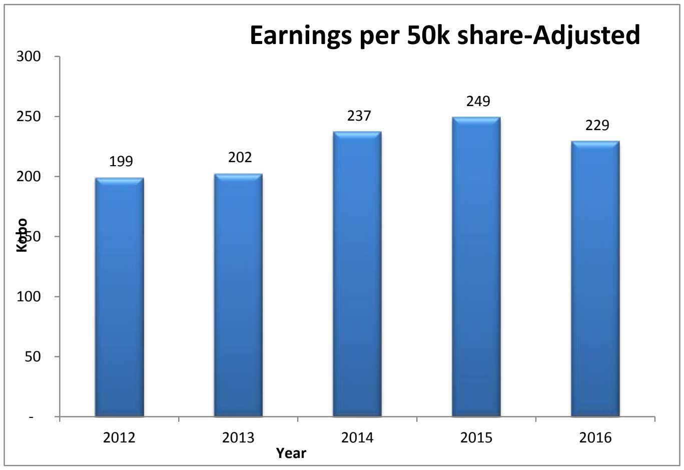
Earnings and dividend per share are based on profit after tax and on the number of ordinary shares issued and fully paid at the end of each year.

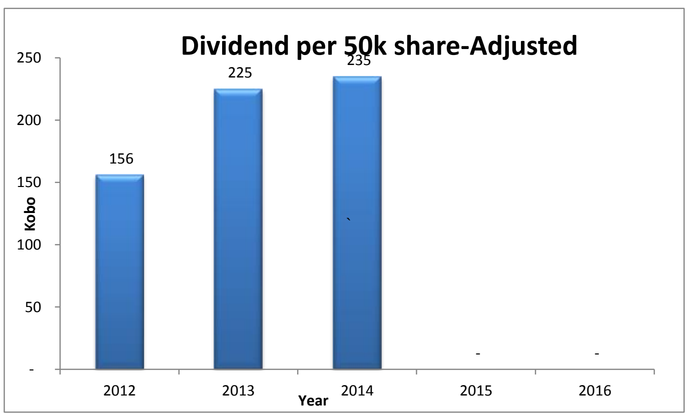
Chemical and Allied Products Plc
Financial statements
For the year ended 31 December 2016

YEAR	2012	2013	2014	2015	2016
Turnover	5,231	6,196	6,988	7,057	6,814
PAT	1,116	1,417	1,637	1,740	1,603
Earnings	199	202	237	249	229
Dividend per share	156	225	235	-	-
Continued business	5,231	6,196	6,988	6,988	6,814






Earnings per 50k share-Adjusted
300
250
200
150
100
50
-
Kobo
199
202
237
249
229
2012
2013
2014
2015
2016
Year


Dividend per 50k share-Adjusted
250
200
150
100
50
-
Kobo
156
225
235
-
-
2012
2013
2014
2015
2016
Year