



PAINTS AND COATINGS MANUFACTURERS
NIGERIA PLC [RC 406117]
Annual Reports and Accounts
For the Year Ended 31st December 2011



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| <u>RESULTS AT A GLANCE</u> | <u>Year Ended</u> <u>31st Dec., 2011</u> N | <u>15 Months Ended</u> <u>31st Dec., 2010</u> N | <u>% Change</u> |
|--------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------|
| Turnover | 1,788,705,463 | 1,257,908,204 | 42% |
| Profit before taxation | 122,969,950 | 108,606,772 | 13% |
| Profit after taxation | 122,969,950 | 106,668,604 | 15% |
| Shareholders' Fund | 1,172,445,244 | 903,645,668 | 30% |
| Authorised Share Capital | 600,000,000 | 600,000,000 | - |
| Share Capital | 396,457,128 | 396,457,128 | - |
| Net Assets Per 50K Share | 1.48 | 1.20 | 23% |
| Earnings Per 50K Share | 0.16 | 0.13 | 15% |
| Dividend Per 50K Share (Proposed/Declared Dividend) | 8 Kobo | 6 Kobo | 33% |



VISION AND MISSION STATEMENT

OUR VISION

To be the preferred world-class manufacturer and distributor of Paints & Coatings to the Nigerian Marketplace.

OUR MISSION

To produce and supply world class quality products efficiently to our customers through the teamwork of highly skilled and motivated staff.

To be a good corporate citizen known for high ethical standards

OUR CORE VALUE

Integrity: - In all our dealings with everyone customers, service providers, staff and all stakeholders, we uphold moral excellence, honesty, wholesomeness and sincerity.

We accept responsibilities and hold ourselves accountable.

Ingenuity: - we are constantly driven by a strong desire to create value through creative thinking, use of technology and pragmatic approach to overcoming challenges to deliver value.

Protect People & The Environment: - The sustenance of good health and safety in the work place for our staff and the protection and maintenance of our assets and the environment are matters of primary concern to us.

Efficient Performance: - We are committed to the excellence in everything we do and we strive to continually improve in all our processes and we are passionate about ensuring a high standard of personal hygiene amongst our staff as well as a sustained clean workplace.



DIRECTORS, PROFESSIONAL ADVISERS ETC.

DIRECTORS

| | |
|----------------------------|--------------------------------------------|
| Engr. S.I.C. Okoli | - Chairman |
| Michael Thompson (British) | - Vice Chairman/CEO |
| Wale Jubril | - Executive Director (Finance) |
| Ademola Laniyan | - Executive Director (Legal and Corporate) |
| Bassam Dina | - Director |
| Michelle Knupfer (British) | - Director |

COMPANY SECRETARY AND LEGAL ADVISERS

Laniyan & Ibrahim and Co.
31 Moloney Street (1st Floor)
Moloney, Obalande, Lagos.
Lagos State, Nigeria.

REGISTERED OFFICE

18/24 Ajisehiri Street
Shogunle, Oshodi
Lagos State, Nigeria.

REGISTRATION NO.

406117

BRANCH

99 Rivoc Road
Trans Amadi, Port Harcourt

REGISTRARS AND TRANSFER OFFICE

Meristem Registrars Limited
305, Herbert Macaulay Way,
Yaba, Lagos.
P.O.Box 51585, Ikoyi, Lagos.

AUDITORS

Olumuyiwa Olokun & Co.
Chartered Accountants
5 Oresola Close
Crystal Estate, Illupeju Lagos.

BANKERS

Access Bank Plc
Keystone Bank Plc
Citibank Nigeria Plc
Guaranty Trust Bank
Zenith International Bank

HEAD OFFICE

18/24 Ajisehiri Street
Shogunle, Oshodi
Lagos State, Nigeria.
Tel: (01) 740 4044, 740 5183, 740 5184
www.pcmnigeria.com

REPORT OF THE DIRECTORS

The directors present to the distinguished members of the company this annual report together with the audited financial statements of the company for the year ended 31st December 2011.

1 **RESULTS**

The company results at a glance for the year ended 31st December 2011 are set out on page 3.

2 **LEGAL STATUS**

The company was incorporated in Nigeria as a private limited liability company in 2001, and was converted to a Public Limited Liability Company (Plc) in 2008. The name of the company was changed from Protective Coatings Distributors Nigeria Limited (PCDN) to Paints and Coatings Manufacturers Nigeria Plc on 21st November, 2008.

3 **LISTING ON THE NIGERIA STOCK EXCHANGE**

The Company was listed by introduction on the Nigeria Stock Exchange on 2nd November 2010.

4 **PRINCIPAL ACTIVITIES**

The company is engaged in carrying out Manufacture of Chemicals, Marine, Protective, Industrial, Decorative and Architectural coatings and paints and related products.

5 **DIRECTORS AND DIRECTORS' INTEREST**

a) The names of the current directors are shown on page 5.

b) The Directors who held office during the year and to the date of this report are set out below:

| NAME | NATIONALITY | DESIGNATION |
|--------------------|--------------------|------------------------------------------|
| Engr. S.I.C. Okoli | | Chairman |
| Michael Thompson | British | Vice Chairman/CEO |
| Wale Jubril | | Executive Director (Finance) |
| Ademola Laniyan | | Executive Director (Legal and Corporate) |
| Bassam Dina | | Director |
| Michelle Knupfer | British | Director |

c) **Directors' Interest in the Issued Share Capital of the Company**

The director's interest in the shares of the company as recorded in the Register of members as at 31st December 2011 are as follows :

| | As at 31st Dec., 2011 | | As at 31st Dec., 2010 | |
|----------------------------|------------------------------|-------------------------|------------------------------|-------------------------|
| | No. of Shares | | No. of Shares | |
| DIRECTORS | Direct Holding | Indirect Holding | Direct Holding | Indirect Holding |
| Engr. S.I.C. Okoli | - | 76,292,733 | - | 53,323,333 |
| Michael Thompson (British) | - | 288,000,000 | - | 288,000,000 |
| Wale Jubril | 12,720,000 | | - | |
| Ademola Laniyan | 11,750,000 | | 11,750,000 | - |
| Bassam Dina | 192,000,000 | | 192,000,000 | - |
| Total Holdings | 216,470,000 | 364,292,733 | 203,750,000 | 341,323,333 |

d) Indirect holding

Engr. S.I.C. Okoli has indirect interests in the shares of Jenete Iloabanafo Investment Limited, who has 76,292,733 ordinary shares (2010 : 53,323,333 ordinary shares) in the issued share capital of the company.

Mr. Michael Thompson has indirect interests in the shares of Semeli Limited BVI, who has 288,000,000 ordinary shares in the issued share capital of the company.

6 Directors' Interest in Contract

Mr Ademola Laniyan, the Executive Director Legal and Corporate Services a partner in Laniyan and Ibrahim and Co. also acts as Legal Advisers/Company Secretary to the company.

Apart from the above, none of the Directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of any declarable interest in contracts with which the Company was involved as at 31st December 2011.

7 Records of Directors' attendance at meetings

Pursuant to and in accordance with section 258(2) of the Companies and Allied Matters Act, 2004, the records of Directors' attendance at Board meetings during the year under review will be made available for inspection at the Annual General Meeting.

8 Major Shareholders

According to the Register of Members as at 31st December 2011, the following shareholders of the company held more than 5% of the issued ordinary share capital of the company.

| Name | No. of holdings | % Holding |
|------------------------------------------|------------------------|------------------|
| Semeli Ltd (BVI) | 288,000,000 | 36.3% |
| Bassam Dina | 192,000,000 | 24.2% |
| Jenete Iloabanafo Investment Limited | 76,292,733 | 9.6% |
| Stanbic Nom./AMCON/Intercontinental Bank | 58,662,500 | 7.4% |

9 Share Holding of Directors and Management Staff

According to the Register of Members as at 31st December 2011, the following Directors and Management Staff held the underlisted shares in the company:-

| Category | Director and Management Staff | 2011 | 2010 |
|-------------------------|---------------------------------------|----------------------|----------------------|
| | | # of Holdings | # of Holdings |
| Directors | Engr. S.I.C. Okoli - Indirect Holding | 76,292,733 | 53,323,333 |
| | Michael Thompson - Indirect Holding | 288,000,000 | 288,000,000 |
| | Wale Jubril | 12,720,000 | - |
| | Ademola Laniyan | 11,750,000 | 11,750,000 |
| | Bassam Dina | 192,000,000 | 192,000,000 |
| Management Staff | Kazeem Olabanji | 2,000,000 | 2,000,000 |
| | Samuel Onyebuchi | 250,000 | 250,000 |

10 Analysis of Shareholding

The analysis of shareholding is as stated below:

| No. of holdings | No. of Shareholders | % of Shareholders | No. of Holding | % of Holding |
|---------------------------|---------------------|-------------------|--------------------|--------------|
| 0 - 500,000 | 329 | 85% | 39,886,206 | 5% |
| 500,001 - 1,000,000 | 18 | 5% | 13,672,000 | 2% |
| 1,000,001 - 10,000,000 | 34 | 9% | 73,557,167 | 9% |
| 10,000,001 - 100,000,000 | 6 | 2% | 185,798,883 | 23% |
| 100,000,001 - 288,000,000 | 2 | 1% | 480,000,000 | 61% |
| Total | 389 | 100% | 792,914,256 | 100% |

11 DIRECTORS RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements which gives a true and fair view of the state of affairs of the company as at the end of the financial year.

They must ensure that the financial statements comply with the provisions of the Companies and Allied Matters Act. In doing so, they do ensure that:

- a Proper accounting records are kept which disclose with reasonable accuracy, the financial position of the company and which ensure that the Financial Statements comply with the requirements of Companies and Allied Matters Act.
- b Appropriate internal control procedures are established which, as far as is reasonably possible, safeguard the assets of the company, prevent and detect fraud and other irregularities.
- c Applicable accounting standards are followed.
- d Suitable accounting policies are adopted and consistently applied and supported by reasonable judgements and estimates.
- e The Financial Statements are prepared on a going concern basis , unless it is inappropriate to presume that the company will continue in business.

12 FIXED ASSETS

Information relating to changes in fixed assets during the year is shown in note 1 on page 18. In the opinion of the Directors, the fair value of the company's properties is not substantially less than the value shown in the Financial Statements.

13 CORPORATE GOVERNANCE

The board is actively involved in the running of the company. The Directors are involved among other things, in keeping proper accounting records which disclose with reasonable accuracy and transparency at anytime, the financial status of the company and ensure that the accounts comply with the relevant provisions of the Laws.

The Board is also responsible for safeguarding the assets of the company by taking reasonable steps for the prevention and detection of fraud and other irregularities.

14 **COMPANY QUALITY POLICY**

The Company strives to be world-class supplier of Protective, Marine, Industrial, Decorative, Automotive Coating Systems, Inks and Associated services in order to meet or exceed the expectations of our customers.

The primary quality related objectives of the Company are to:

- Identify, understand and comply with and meet or exceed the requirements of our customers;
- Continually improve through the elimination of non - conformances;
- Comply with the relevant statutory and regulatory requirements;
- Eliminate or reduce all forms of wastages.

15 **DONATIONS**

No significant donation was made during the year under review.

16 **SUPPLIERS**

The following major suppliers used by the company are listed below:

International Paints UK
Emmyson Nigeria Limited
Chizzy Nigeria Limited
Avon Crowncaps & Containers Nigeria Plc
Nycil Limited

17 **POST BALANCE SHEET EVENTS**

There are no significant post balance sheet events which have not been provided for in this financial statement.

18 **GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

- a The Company did not charge any of its assets to secure liabilities to third parties.
- b The Directors are of the opinion that all known liabilities and Commitments have been taken into consideration in the preparation of the financial statements.

19 **EMPLOYMENT AND EMPLOYEES**

The company's employees are regularly provided with information on matters that are of concern to them as employees. Such information is either passed to them through regular meetings with employees and/or through notices pasted on notice boards.

a **Employment of disabled persons**

It is the policy of the company that full and fair consideration be given to applications for employment by the company including those from disabled person having regard to their particular aptitude, skills and ability.

b **Health, safety at work and welfare of employees.**

Health and safety regulations are in force within the company's premises, warehouse and manufacturing floor. The employees are aware of the exiting regulations.

The company provides medical treatment to all staff and subsidy for transportation and housing.



c **Employee Training**

Management, professional and technical experience are the company's major assets and investment in developing such skills continues.

20 **AUDITORS**

In accordance with Section 357(2) of the Companies and Allied Matters Act of 1990, our auditors, (OOC Chartered Accountants) formerly Messrs Olumuyiwa Olokun & Co., have indicated their willingness to continue in office. A resolution will be proposed authorising the directors to determine their remuneration.

BY ORDER OF THE BOARD

Laniyan & Ibrahim & Co.
Company Secretaries.

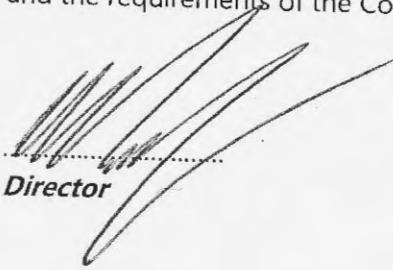
STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Companies and Allied Matters Act 1990 requires the directors to prepare financial Statements, for each financial year and that the financial statements should give a true and fair view of the state of affairs of the Company at the end of the year and of its profits or loss.

The responsibilities include ensuring that the Company:

- a 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 Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates and should be in conformity with Nigerian Accounting Standards and the requirements of the Companies and Allied Matters Act 1990.



Director



Director



STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1 Basis Of Preparation of Financial Statements

These financial statements are prepared in compliance with the Nigerian Statements of Accounting standards (SAS) and presented in Nigerian Naira and prepared under the historical cost convention.

2 Turnover

Turnover represents the net value(excluding value added tax) of goods and services invoiced to third party in the year in which the Company delivers products to the customer and the collectability of the related receivable is reasonably assured.

3 Property, Plant and Equipment

All categories of property, plant and equipment are recorded at cost. 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 of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Leasehold land relates to a ninety nine (99) years lease from Ogun State Government, the cost include the original purchase price, brokers fees, legal fees, cost of survey, clearing, soil test and government levies.

Gains and losses on disposal of property, plant and equipment are taken into the profit and loss account.

Revaluation

The leasehold land, Furniture, Fittings and Office Equipment, Plant and Machinery and Motor Vehicles were revalued in December 2011 by an independent valuer (**UBOSI ELEH + Co.**) an Estate Surveyors and Valuers on the basis of Open Market Capital Value as at Wednesday the 7th day of December, 2011

The accumulated depreciation is eliminated against the gross carrying amount of the asset, and the net amount restated as revaluation reserve.

The surplus in cost over the historical value is transferred to the revaluation reserve.



4 **Depreciation**

Depreciation is calculated to write off the cost of fixed assets on a straight - line method to write down their cost over the estimated useful lives, as follows:

| | % |
|--------------------------------|-----------------------|
| Leasehold Land | Over the lease period |
| Plant & machinery | 25.00 |
| Office equipment and furniture | 33.33 |
| Motor Vehicle | 33.33 |

5 **Foreign Currency Items**

Transactions in foreign currency are translated into Naira at the rate of exchange ruling at the date of the transaction. Foreign currency balances are translated at the exchange rates applicable at year end. Exchange differences are included in the profit and loss account for the year.

6 **Retirement Benefits**

The company in line with Pension Reform Act, 2004, has instituted a Contributory Pension Scheme for its employees. The employee and the company each contribute 7.5% of the basic salary, housing and transport allowances. The Company's contributions are accrued and charged to the profit and loss account. The fund is being managed by Pension Funds Administrators as listed below:

- 1) Stanbic IBTC Pension Managers Limited
- 2) Trustfund Pensions Plc
- 3) Standard Alliance Pension Managers
- 4) Pensions Alliance Limited

7 **Taxation**

The Nigeria Investment Promotion Commission has granted a pioneer certificate to the company under the Industrial Development Income Tax Relief Act No. 22 of 1971 as amended and the Nigeria Investment Promotion Act No.16 of 1995.

8 **Deferred Taxation**

No Deferred income tax was provided in this financial statement in view of note 7 above.

9 **Debtors**

Receivables are recognised initially at fair value. A provision for impairment of receivable is established when there are reasonable evidence that the amount is no longer receivable.

The amount of the provision is recognised in the profit and loss account.



10 **Stock**

Stock is stated at lower of cost and net realisable value after making adequate provisions for obsolescence and damaged stock. In the case of goods manufactured by the company, cost include production overheads.

Work in progress are stated at lower of cost and net realisable value, which consist of direct materials, direct labour and production overheads.

Goods-in-transit are stated at invoice price and direct cost incurred to date.

11 **Dividends**

Proposed dividends for the year is recognized as a liability after the balance sheet date when declared and approved by shareholders at the Annual General Meeting.

12 **Provisions**

Provision is recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources would be involved and a reliable estimate of such obligation can be made in line with the stipulations of the Statement of Accounting Standards (SAS) number 23 issued by the Nigerian Accounting Standards Board

13 **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current period.

14 **Profit on Ordinary Activities before Taxation**

Profit on ordinary activities before taxation is stated after charging /(crediting) the following :

| | <u>2011</u> | <u>2010</u> |
|------------------------|--------------------|--------------------|
| | N | N |
| Depreciation | 53,360,948 | 32,422,091 |
| Auditor's Remuneration | 1,500,000 | 1,500,000 |

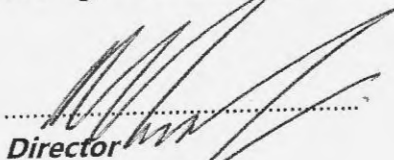
BALANCE SHEET

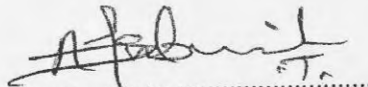
as at 31 December 2010

| | | <u>Year Ended</u> <u>31st Dec., 2011</u> | <u>15 Months Ended</u> <u>31st Dec., 2010</u> |
|------------------------------------------------------|-------|---------------------------------------------|--------------------------------------------------|
| | NOTES | N | N |
| Property, Plant and Equipment | 1 | <u>357,565,410</u> | <u>155,005,101</u> |
| Current Assets | 2 | 1,341,783,898 | 1,423,690,785 |
| Less: Current Liabilities | 3 | 526,904,064 | 675,050,218 |
| Net Current Assets | | <u>814,879,834</u> | <u>748,640,567</u> |
| TOTAL ASSETS | | <u>1,172,445,244</u> | <u>903,645,668</u> |
| Financed By: | | | |
| Authorised share capital | 4 | <u>600,000,000</u> | <u>600,000,000</u> |
| (1,200,000,000 Ordinary Shares of 50 Kobo Per Share) | | | |
| Share Capital(Issued and Fully Paid) | | 396,457,128 | 396,457,128 |
| (792,914,256 Ordinary Shares of 50 Kobo Per Share) | | | |
| Share Premium | 5 | 415,071,706 | 415,071,706 |
| Revaluation Reserve | 6 | 145,829,627 | - |
| Revenue Reserve | 7 | 215,086,783 | 92,116,834 |
| SHAREHOLDER'S FUND | | <u>1,172,445,244</u> | <u>903,645,668</u> |

The financial statements were approved by the Board of Directors on the 14TH MARCH 2012

and signed on 14TH MARCH, 2012


.....
Director


.....
Director

The accounting policies and notes to the accounts form part of these financial statements.



PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010

| | | <u>Year Ended</u> <u>31st Dec., 2011</u> | <u>15 Months Ended</u> <u>31st Dec., 2010</u> |
|------------------------------------|--------------|---------------------------------------------|--------------------------------------------------|
| | | N | N |
| | NOTES | | |
| TURNOVER | 8 | 1,788,705,463 | 1,257,908,204 |
| Cost of sales | | <u>(1,163,059,367)</u> | <u>(771,844,909)</u> |
| GROSS PROFIT | | 625,646,096 | 486,063,295 |
| Administrative Expenses | | <u>(513,960,162)</u> | <u>(387,545,814)</u> |
| OPERATING PROFIT | | 111,685,935 | 98,517,481 |
| Other income | | 9,398,977 | 8,754,897 |
| Profit on disposal of fixed assets | | 1,504,275 | 150,000 |
| Interest Received | | <u>380,763</u> | <u>1,184,394</u> |
| PROFIT BEFORE TAXATION | | 122,969,950 | 108,606,772 |
| Taxation provision | 9 | <u>-</u> | <u>(1,938,168)</u> |
| Profit after taxation | | 122,969,950 | 106,668,604 |
| APPROPRIATION | | | |
| Dividends Paid | | - | (47,574,855) |
| Profit Brought Forward | | <u>92,116,834</u> | <u>33,023,085</u> |
| Transfer to general reserve | | <u>215,086,783</u> | <u>92,116,834</u> |

PROPOSED DIVIDEND

The Directors propose a dividend of **Eight Kobo per share** (2010 : Six Kobo) on the issued share capital of 792,914,256 ordinary shares of 50 kobo each subject to approval by the shareholders at the Annual General Meeting.

The accounting policies and notes to the accounts form part of these financial statements.



**Auditor's Report
to the Members of Paints and Coatings Manufacturers Nigeria Plc**

Report on the Financial Statements

We have audited the financial statements of **Paint and Coating Manufacturers Nigeria Plc** set out on pages 15 and 16 which have been prepared on the basis of accounting policies set out on page 12.

Respective responsibilities of Directors and Auditors

The company's directors are responsible for the preparation and fair presentation of these financial statement in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act. This responsibility includes designing 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors responsibility

Our responsibility is to express an independent opinion on the financial statement based on our audit.

Basis of Opinion

We conducted our audit in accordance with generally acceptable auditing standards. An audit includes examination on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also include an assessment of significant estimates and judgement made by the directors in the preparation of the financial statements; and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularities or errors.

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

Opinion

In our opinion,

- i. the company's books of account have been properly kept;
- ii. the financial statements referred to above, which are in agreement with the books of accounts, give a true and fair view of the financial position of **Paints and Coatings Manufacturers Nig. Plc** as at 31st December 2011, and of its financial performance and cash flows for the year then ended and in accordance with the Companies and Allied Matters Act, CAP C20 LFN 2004 and the financial statement is drawn up in conformity with generally accepted accounting principles and the accounting standards issued to date by the Nigerian accounting standards Board.

OOC Chartered Accountants
OOC Chartered Accountants
 Formerly Olumuyiwa Olokun & Co.
 Chartered Accountants

Lagos, Nigeria

16/3/2012.



NOTES TO THE ACCOUNTS

1 PROPERTY, PLANT & EQUIPMENT

| <u>Costs/Revaluation</u> | <u>Leasehold</u> | <u>Furniture</u> | <u>Motor</u> | <u>Leasehold</u> | <u>Plant &</u> | <u>Total</u> |
|-----------------------------|--------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | <u>Land</u> | <u>and</u> | <u>Vehicles</u> | <u>Improvement</u> | <u>Machinery</u> | |
| | <u>N</u> | <u>Equipment</u> | <u>N</u> | <u>N</u> | <u>N</u> | <u>N</u> |
| At 1st Jan., 2011 | 105,231,625 | 32,323,828 | 32,065,500 | 37,896,064 | 45,006,257 | 252,523,274 |
| Additions | - | 14,796,667 | 34,405,000 | - | 60,924,689 | 110,126,356 |
| Disposal | - | - | (1,990,000) | - | - | (1,990,000) |
| Revaluation Reserve | 104,768,375 | (14,498,095) | (6,430,500) | - | (49,037,946) | 34,801,834 |
| (See Note 6 on revaluation) | | | | | | |
| Bal.at 31 Dec., 2011 | 210,000,000 | 32,622,400 | 58,050,000 | 37,896,064 | 56,893,000 | 395,461,464 |
| <u>Depreciation</u> | | | | | | |
| At 1st Jan., 2011 | 2,095,588 | 22,470,209 | 10,261,933 | 35,059,112 | 27,631,330 | 97,518,173 |
| Charge for the year | 1,062,946 | 9,749,913 | 21,132,921 | 2,836,942 | 18,578,227 | 53,360,948 |
| Disposal | - | - | (1,955,274) | - | - | (1,955,274) |
| Revaluation Reserve | (3,158,534) | (32,220,122) | (29,439,580) | - | (46,209,557) | (111,027,793) |
| (See Note 6 on revaluation) | | | | | | |
| Bal.at 31 Dec., 2011 | - | - | - | 37,896,054 | - | 37,896,054 |
| <u>Net Book Value</u> | | | | | | |
| 31st Dec., 2011 | 210,000,000 | 32,622,400 | 58,050,000 | 10 | 56,893,000 | 357,565,410 |
| 31st Dec., 2010 | 103,136,037 | 9,853,619 | 21,803,567 | 2,836,952 | 17,374,927 | 155,005,101 |

1.1 LEASEHOLD LAND

The details of the land is as listed below:

Location : Within 2KLM off Lagos/Ibadan Expressway, Kenta Oyewolu Village, Ogun State.

Size of Property : 4.138 Hectares per plan no. L.C. 2690 (OG).

Title of Property : Ogun State of Nigeria Certificate of Occupancy No. 026092 dated 17th May 2009 for a term of Ninety - Nine (99) years commencing 1st January 2009.

Current Value : The value is based on historical cost value.

Debt secured on property : None

1.1 REVALUATION

The Leasehold Land, Furniture, Fittings and Office Equipment, Plant and Machinery and Motor Vehicles were revalued in December 2011 by an independent valuer (**UBOSI ELEH + Co.**) a Estate Surveyors and Valuers on the basis of Open Market Capital Value.

The book values of the revalued assets were adjusted to the revaluations and the resultant surplus were credited to the revaluation reserves in shareholder's equity.

Revaluation is carried out as the need arises.

1.2 The depreciation charge for the year is analysed as follow:

| | <u>2011</u> | <u>2010</u> |
|---------------------|-------------------|-------------------|
| Cost of sales | 19,641,173 | 11,454,915 |
| Administrative cost | 33,719,776 | 20,967,176 |
| Total | 53,360,948 | 32,422,091 |



NOTES TO THE ACCOUNTS

| | | <u>2011</u> | <u>2010</u> |
|--------------------------------|--------------|-----------------------------|-----------------------------|
| | <u>Notes</u> | <u>N</u> | <u>N</u> |
| 2 CURRENT ASSETS | | | |
| Inventory and Goods in Transit | 10 | 479,275,830 | 189,339,759 |
| Trade debtors | | 400,115,769 | 218,608,960 |
| Prepayments | | 39,609,803 | 92,088,755 |
| Sundry debtors | | 205,091,627 | 162,663,864 |
| Other receivables | | 65,003,591 | 97,505,387 |
| Cash and bank | 11 | 152,687,278 | 663,484,060 |
| TOTAL | | <u>1,341,783,898</u> | <u>1,423,690,785</u> |
| 3 CURRENT LIABILITIES | | | |
| Trade creditors | | 159,921,360 | 200,416,500 |
| Sundry creditors and accruals | | 13,247,396 | 87,787,032 |
| Deposits (Net) | | 159,502,540 | 172,607,188 |
| Taxation provisions | 8b | 71,204,847 | 73,143,015 |
| Unpaid Dividends | | - | 72,324,855 |
| Provision for bad debt | | 8,298,013 | - |
| Other payables | | 114,729,908 | 68,771,628 |
| TOTAL | | <u>526,904,064</u> | <u>675,050,218</u> |

NOTES TO THE ACCOUNTS

| | | |
|----------------------------------------------------|----------------|----------------|
| 4 SHARE CAPITAL | N'000 | N'000 |
| Authorised : | | |
| 1,200,000,000 ordinary shares of 50 Kobo per share | <u>600,000</u> | <u>600,000</u> |
| Allotted, called up and fully paid | | |
| 792,914,256 ordinary shares of 50 Kobo per share | <u>396,457</u> | <u>396,457</u> |

4.1 Share Capital History

The company was incorporated on March 16, 2001 as a limited liability company with an initial authorised share capital of N5,000,000 divided into 5,000,000 ordinary shares of of N1 each.

The share capital history is as stated below:

| Year Ended | Authorised Share Capital | Issued Share Capital | Cum Issued Share Capital | Issued Share Capital | Consideration Reason for Increase |
|-------------------|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|----------------------------------------------|
| | 'No of shares'' | 'No of shares'' | 'No of shares'' | N'000 | |
| 2001 | 5,000 | 5,000 | 5,000 | 5,000 | Cash |
| 2004 | 10,000 | 5,000 | 10,000 | 10,000 | Cash |
| 2008 | 600,000 | 114,173 | 124,173 | 124,173 | Bonus Issue |
| 2008 | 600,000 | 123,327 | 247,500 | 247,500 | Deposit Capitalised |
| 2008 | 1,200,000 | 247,500 | 495,000 | 247,500 | Split Issue |
| 2009 | 1,200,000 | 186,196 | 681,196 | 340,598 | Private Placement |
| 2009 | 1,200,000 | 111,718 | 792,914 | 396,457 | Bonus Issue |

| | | |
|----------------------------------------------|---------------------------|---------------------------|
| 5 SHARE PREMIUM | <u>2011</u> | <u>2010</u> |
| Brought Forward | 415,071,706 | 446,906,318 |
| Premium on sales of private placement shares | | |
| Listing Costs | - | (6,834,612) |
| Financial Advisory | - | (20,000,000) |
| Sponsoring Stockbrokers | - | (5,000,000) |
| Carried Forward | <u>415,071,706</u> | <u>415,071,706</u> |

The share premium represents the premium on the sales of shares sold during the private placement net of associated cost of placement, listings and bonus issued.

NOTES TO THE ACCOUNTS

6 REVALUATION RESERVE

The Leasehold Land, Furniture, Fittings and Office Equipment, Plant and Machinery and Motor Vehicles were revalued in December 2011 by an independent valuer (**UBOSI ELEH + Co.**) a Estate Surveyors and Valuers on the basis of Open Market Capital Value as at Wednesday the 7th day of December, 2011.

| | <u>Leasehold</u> <u>Land</u> <u>N</u> | <u>Furniture</u> <u>and</u> <u>Equipment</u> <u>N</u> | <u>Motor</u> <u>Vehicles</u> <u>N</u> | <u>Plant &</u> <u>Machinery</u> <u>N</u> | <u>Total</u> <u>N</u> |
|--------------------------|---------------------------------------------|----------------------------------------------------------------|---------------------------------------------|----------------------------------------------------|---------------------------|
| Revaluation Surplus | 104,768,375 | (14,498,095) | (6,430,500) | (49,037,946) | 34,801,834 |
| Accumulated depreciation | 3,158,534 | 32,220,122 | 29,439,580 | 46,209,557 | 111,027,793 |
| TOTAL | <u>107,926,909</u> | <u>17,722,027</u> | <u>23,009,080</u> | <u>(2,828,389)</u> | <u>145,829,627</u> |

7 REVENUE RESERVE

| | | |
|-------------------------------|---------------------------|--------------------------|
| Balance brought forward | 92,116,834 | 33,023,085 |
| Transfer from profit and loss | 122,969,950 | 106,668,604 |
| Dividends paid | - | (47,574,855) |
| TOTAL | <u>215,086,784</u> | <u>92,116,834</u> |

8 TURNOVER

Turnover represents the net value of goods and services invoiced to third party.

9 TAXATION

a Per Profit and Loss Account

| | <u>2011</u> | <u>2010</u> |
|--------------------|-----------------|-------------------------|
| Education Tax | - | 1,614,871 |
| Company Income Tax | - | 323,297 |
| TOTAL | <u>-</u> | <u>1,938,168</u> |

The Nigerian Investment Promotion Commission issued a Pioneer Certificate to the Company under the provisions of the Industrial Development Tax Relief Act No. 22 of 1971 as amended and the Nigeria Investment Promotion Commission Act No. 16 of 1995.

As a result of this certificate, no provision has been made for education and company income tax.

NOTES TO THE ACCOUNTS

| | <u>2011</u> =N= | <u>2010</u> =N= |
|--------------------------------------|--------------------------|--------------------------|
| b Per Balance Sheet | <u>2011</u> | <u>2010</u> |
| Balance brought forward | 73,143,015 | 88,292,987 |
| Payment during the year | (1,938,168) | (17,088,140) |
| Current Year Provision (See note 8a) | - | 1,938,168 |
| TOTAL | <u>71,204,847</u> | <u>73,143,015</u> |

The charges for taxation in these financial statements is based on the provisions of the Companies Income Tax Act (CAP C21 LFN 2004), and the Education Tax Act (Cap E4 LFN 2004)

10 STOCK

| | | |
|------------------|---------------------------|---------------------------|
| Finished goods | 162,101,612 | 153,989,007 |
| Raw materials | 130,160,119 | 29,355,515 |
| Decorative | 17,964,329 | 5,121,638 |
| Others | 27,939,072 | 873,599 |
| Grit | 96,898,760 | - |
| Goods in transit | 44,211,938 | - |
| TOTAL | <u>479,275,830</u> | <u>189,339,759</u> |

11 CASH AND BANK

| | | |
|--------------|---------------------------|---------------------------|
| Cash at bank | 152,661,978 | 662,824,101 |
| Cash in hand | 25,300 | 659,959 |
| TOTAL | <u>152,687,278</u> | <u>663,484,060</u> |

12 EARNINGS PER SHARE

The calculation of earning per share is based on the profit after taxation and 792,914,256 ordinary shares of 50 Kobo each.



13 DIRECTORS AND EMPLOYEE

| | | |
|---------------------|-----------|-----------|
| Executive Directors | 3 | 3 |
| Management | 12 | 10 |
| Non Management | 69 | 45 |
| | <u>84</u> | <u>58</u> |

The total employee benefits expenses in the year comprises the following :

| | N | N |
|--------------------|--------------------|--------------------|
| Wages and Salary | 111,845,467 | 104,936,412 |
| Employee benefits | 29,371,035 | 23,642,146 |
| Other pension cost | 20,041,380 | 6,712,310 |
| | <u>161,257,882</u> | <u>135,290,868</u> |

Directors

The aggregate emoluments of the were:-

| | | |
|------------------|-------------------|-------------------|
| Fees | 6,250,000 | 6,250,000 |
| Other emoluments | 62,100,000 | 62,100,000 |
| | <u>68,350,000</u> | <u>68,350,000</u> |

| | | |
|----------------------------------------|-------------------|-------------------|
| The emoluments of Chairman amounted to | <u>1,250,000</u> | <u>1,250,000</u> |
| The highest paid Director earned | <u>19,800,000</u> | <u>19,800,000</u> |

14 RELATED PARTY TRANSACTIONS

The company is an indigenous Nigeria Company and does not have a subsidiary or a parent company.

15 TECHNICAL AND TRADE MARK LICENCE AGREEMENT

The company has a technical and trademark licence agreement with International Paint Limited "International" under which international agreed for the company to manufacture and sell certain goods from International's product range.

The company has also agreed to pay royalties to International on goods sold and/or used.

16 CONTINGENT LIABILITY

(a) Claims

There is no claim to any liability against the company.

(b) Guarantees

The company has not made any guarantee to any company.



17 POST BALANCE SHEET EVENTS

No events or transactions have occurred since the balance sheet date which would have a material effect upon this financial statements that needed to be mentioned in order to them not misleading as for the financial position of the company.

18 LOANS FAVOURING DIRECTORS AND OFFICERS

(a) The company did not grant or guarantee any loan or credit in favour of any director during the year.

(b) No loan was made to any of the director for the purchase of the company's shares during the year.

19 SEGMENT REPORTING

The Company's primary geographical segment is Nigeria. All the sales of the company were made in Nigeria hence no further business or geographical segment information is therefore reported.

20 APPROVAL OF FINANCIAL STATEMENT

These financial statements were approved by the board of directors of the company on the

VALUE ADDED STATEMENT

Value added is the additional wealth which the company has been able to create by its own and its employees' effort. This statement shows the allocation of the wealth between employees, shareholder's, government and that retained for future creation of more wealth.

| | <u>2011</u> | | <u>2010</u> | |
|---------------------------------------------|---------------------------|-----|---------------------------|-----|
| | N | % | N | % |
| Turnover | 1,788,705,463 | | 1,257,908,204 | |
| Cost of Goods and other services | 1,451,116,683 | | 981,588,473 | |
| Value Added by operations | <u>337,588,780</u> | | <u>276,319,731</u> | |
| Applied as follows : | | | | |
| To pay Employees | | | | |
| Salary, Wages and Fringe Benefits | 161,257,882 | 48% | 135,290,868 | 49% |
| To pay Government Taxes | | | | |
| Tax on Company Profit | - | 0% | 1,938,168 | 1% |
| To pay dividends to shareholders | | | | |
| | - | 0% | 47,574,855 | 17% |
| To provide for maintenance of assets | | | | |
| Depreciation | 53,360,948 | 16% | 32,422,091 | 12% |
| Retained for the Company's growth | | | | |
| | 122,969,950 | 36% | 59,093,749 | 21% |
| Value added by the company | <u>337,588,780</u> | | <u>276,319,731</u> | |

CASHFLOW STATEMENT

| | <u>2011</u> | <u>2010</u> |
|-------------------------------------------------------|---------------------------|---------------------------|
| | N | N |
| CASHFLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 122,969,950 | 108,606,772 |
| Adjustments for non cash flows items: | | |
| - Depreciation | 53,360,948 | 32,422,091 |
| - Profit on disposal of fixed assets | (1,504,275) | - |
| - Increase/Decrease in debtors | (181,506,809) | (67,598,318) |
| - Increase/Decrease in inventory | (289,936,071) | 52,781,874 |
| - Increase/Decrease in trade creditors | (40,495,140) | 195,936,347 |
| - Increase in other current assets | 42,552,984 | 1,869,638 |
| - Increase in other current liabilities | (33,387,991) | 262,986,273 |
| Cash flows from Investing Activities: | | |
| Purchase of Fixed Assets | (110,126,356) | (26,733,777) |
| Dividends Paid | (72,324,855) | - |
| Cash flows from Financing Activities: | | |
| Private Placement Cost | - | (31,834,612) |
| Proceeds on assets disposal | 1,539,001 | - |
| Tax Paid | (1,938,168) | (17,088,140) |
| Total | (510,796,782) | 511,348,148 |
| Net increase in cash and cash equivalents | (510,796,782) | 511,348,148 |
| Cash and Bank Balance equivalent as at 1st Jan., 2011 | 663,484,060 | 152,135,912 |
| Cash and Bank Equivalent | <u>152,687,278</u> | <u>663,484,060</u> |
| Comprising : | | |
| Cash And Bank Balance as at 31st December 2011 | <u>152,687,278</u> | <u>663,484,060</u> |
| Cash and Bank Equivalent | <u>152,687,278</u> | <u>663,484,060</u> |



FIVE-YEAR FINANCIAL SUMMARY

| <u>Period/Year Ended</u> | <u>Year Ended</u> <u>31 Dec 2011</u> | <u>15 Months</u> <u>Ended 31</u> <u>Dec 2010</u> | <u>Year Ended</u> <u>30 Sept</u> <u>2009</u> | <u>Year Ended</u> <u>30 Sept</u> <u>2008</u> | <u>Year</u> <u>Ended 30</u> <u>Sept 2007</u> |
|---------------------------------------|-----------------------------------------|--------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| | <u>N'000</u> | <u>N'000</u> | <u>N'000</u> | <u>N'000</u> | <u>N'000</u> |
| <u>BALANCE SHEET</u> | | | | | |
| <u>ASSETS</u> | | | | | |
| Fixed Assets | 357,565 | 155,005 | 160,693 | 4,882 | 5,300 |
| Current Assets | 1,341,784 | 1,423,691 | 899,396 | 531,157 | 440,787 |
| Current Liabilities | 526,904 | 675,050 | 183,703 | 273,320 | 358,437 |
| <u>TOTAL</u> | <u>1,172,445</u> | <u>903,646</u> | <u>876,386</u> | <u>262,719</u> | <u>87,650</u> |
| <u>CAPITAL AND RESERVE</u> | | | | | |
| Share Capital | 396,457 | 396,457 | 396,457 | 247,500 | 10,000 |
| Share Premium | 415,072 | 415,072 | 446,906 | - | - |
| Revaluation Reserve | 145,829 | - | - | - | - |
| Revenue Reserve | 215,087 | 92,117 | 33,023 | 15,219 | 77,650 |
| <u>TOTAL</u> | <u>1,172,445</u> | <u>903,646</u> | <u>876,386</u> | <u>262,719</u> | <u>87,650</u> |
| <u>PROFIT AND LOSS ACCOUNT</u> | | | | | |
| Turnover | 1,788,705 | 1,257,908 | 555,517 | 600,267 | 625,594 |
| Profit before tax | 122,970 | 108,607 | 29,184 | 109,274 | 68,873 |
| Taxation provision | - | 1,938 | 11,380 | 32,782 | 23,650 |
| Profit after tax | 122,970 | 106,669 | 17,804 | 76,492 | 45,223 |
| Proposed Dividends | - | 47,575 | - | 24,750 | 23,000 |
| Retained profit | 215,087 | 92,117 | 33,023 | 15,219 | 77,650 |
| Earnings per share(N) | 0.16 | 0.13 | 0.02 | 0.15 | 4.52 |
| Dividends per share(N) | - | 0.06 | - | 0.05 | 2.30 |
| Net asset per share(N) | 1.48 | 1.14 | 1.11 | 0.53 | 7.47 |
| Return on investment(%) | 15.15 | 13.14 | 2.11 | 30.91 | 452.23 |

