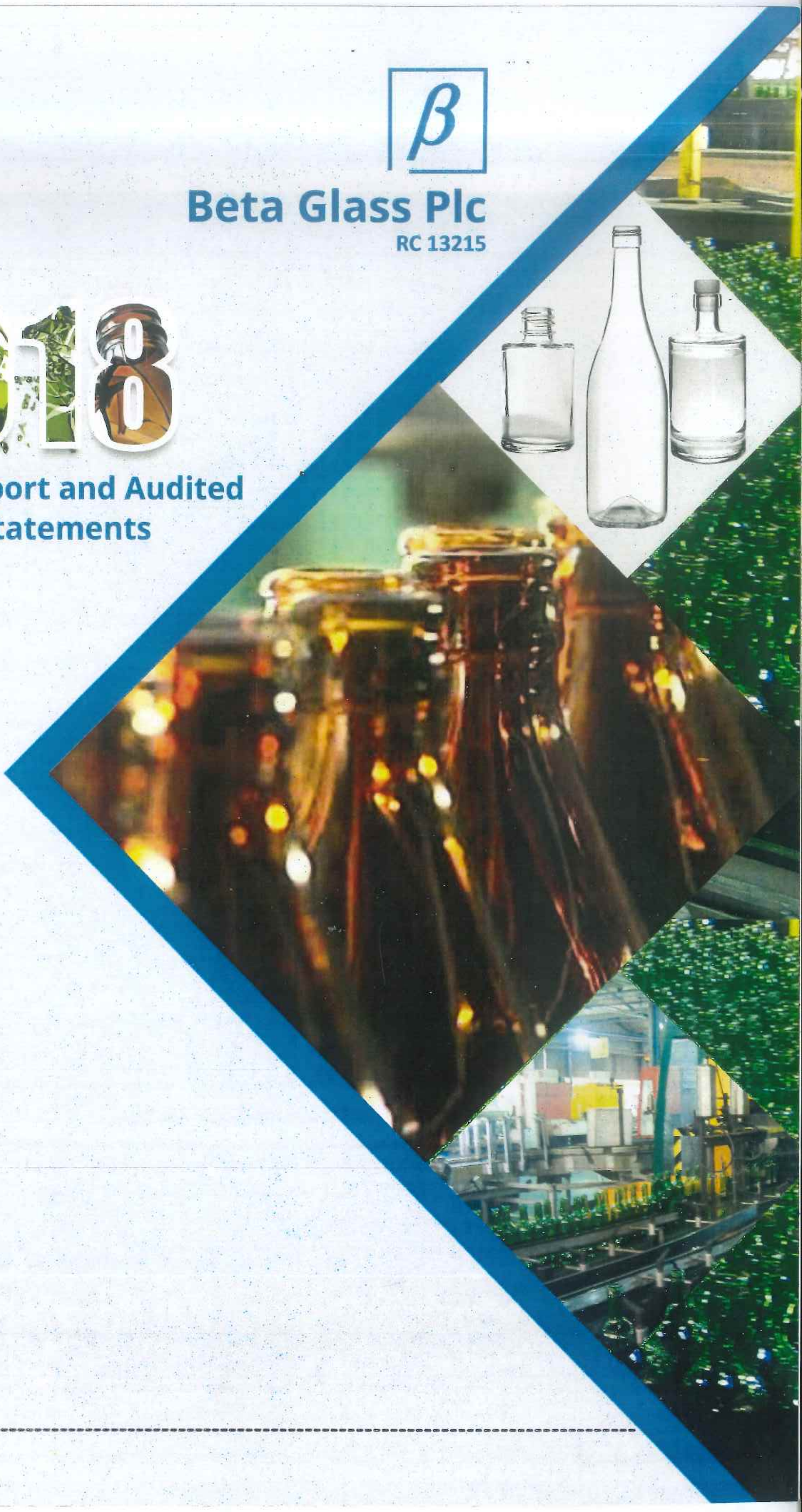
Beta Glass Plc

RC 13215

2018

Annual Report and Audited Financial Statements



FRIGOGLASS

www.frigoglass.com

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BETA GLASS PLC
GUINEA PLANT
RC 13215

Who we are

Beta Glass is a member of the Frigoglass Group, a strategic partner to beverage companies internationally. Beta Glass is the major supplier of glass packaging in the emerging markets of West Africa.

Our operations represent West Africa's largest glass container capacity, encompassing two plants and three furnaces that exceed 600 tons of produced glass containers per day.

Through a wide range of glass containers, we provide superior packaging solutions to a variety of customers operating in the soft drinks, beer, spirit, cosmetics, food and pharmaceutical market segments. We manufacture and sell glass bottles of high quality and specification in an array of shapes, sizes, colours and weights. We are the only strategic supplier in this region who can simultaneously supply the principal three colours (Flint, Amber, and Green bottles).

With close interaction with our customers, we continue to invest in updated technology as well as new product development and glass container innovation. We offer our customers better solutions that enable them to showcase their brands in the market place.

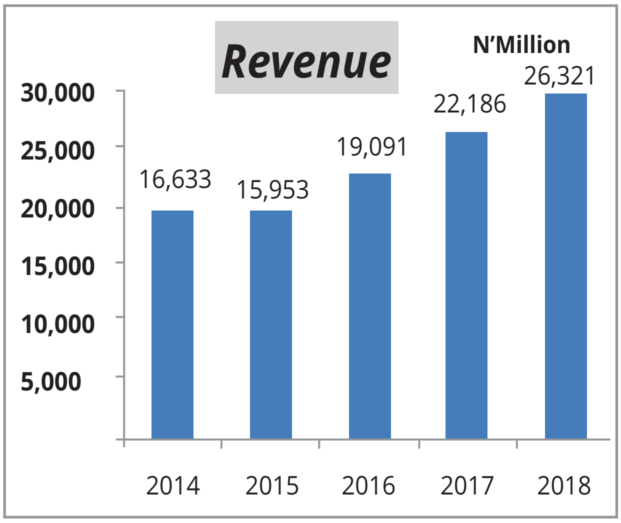
In an increasingly health driven market, glass packaging continues to offer the most sustainable and natural packaging solution for the category of customers we seek to serve. Glass containers are pure and safe to use, helps preserve and are easy to clean and re-use multiple times.

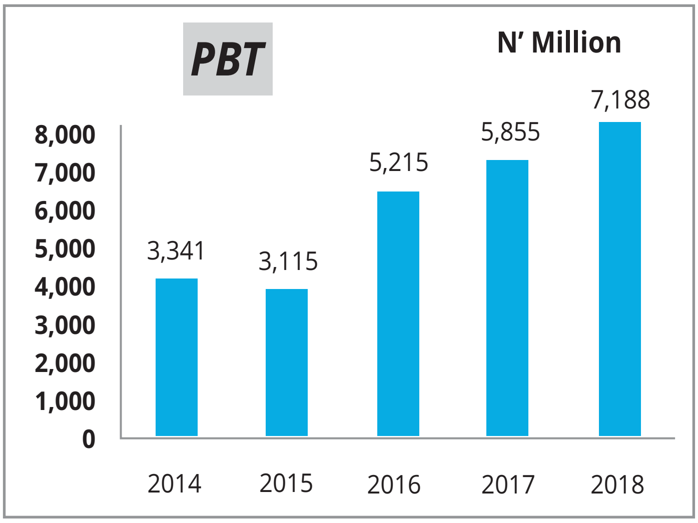
Financial Highlights

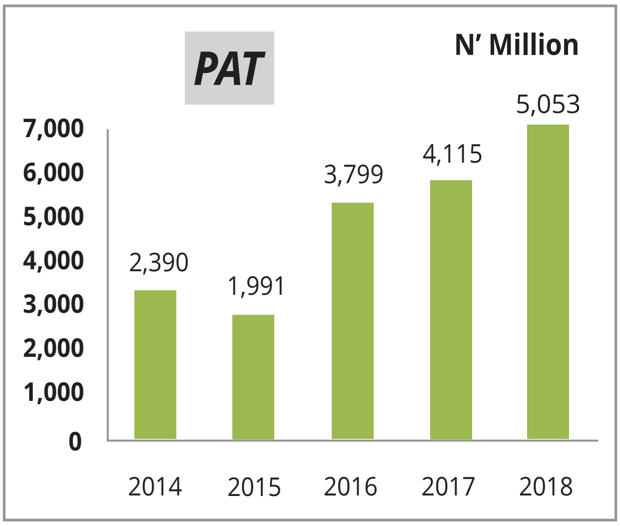
Results at a glance

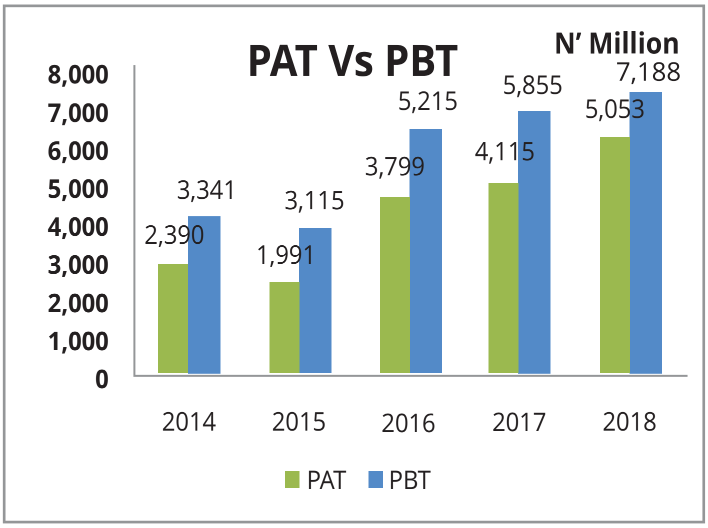
	2018	2017	Increase
	N'000	N'000	%
Major Statement of Financial Position items			
Issued Share capital	249,986	249,986	-
Share premium	312,847	312,847	-
Other reserves	2,429,942	2,429,942	-
Retained Earnings	26,634,798	22,152,339	20
Shareholders' funds	29,627,573	25,145,114	18
Total assets	46,079,629	38,211,613	21
Major profit or loss account items			
Revenue from contract with customers	26,321,014	22,186,258	19
Profit before taxation	7,188,181	5,854,740	23
Profit after taxation	5,052,805	4,115,142	23
Information per 50 kobo ordinary share			
Basic earnings per share (Kobo)	1,010.62	823.07	23
Net assets per share (Naira)	59.26	50.29	18
Stock Exchange quotation - 31 December (Naira)	68.30	51.31	33
Market capitalization as at 31 December (N:Million)	34,148	25,653	33
Dividend per share (kobo)	130	107	21

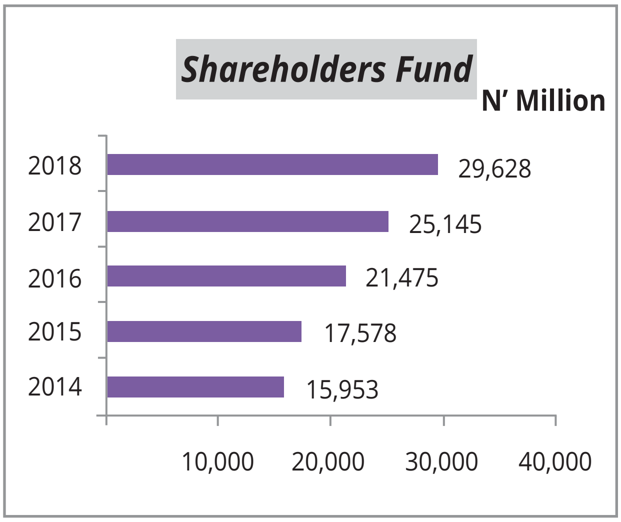
Five-Year Financial Summary

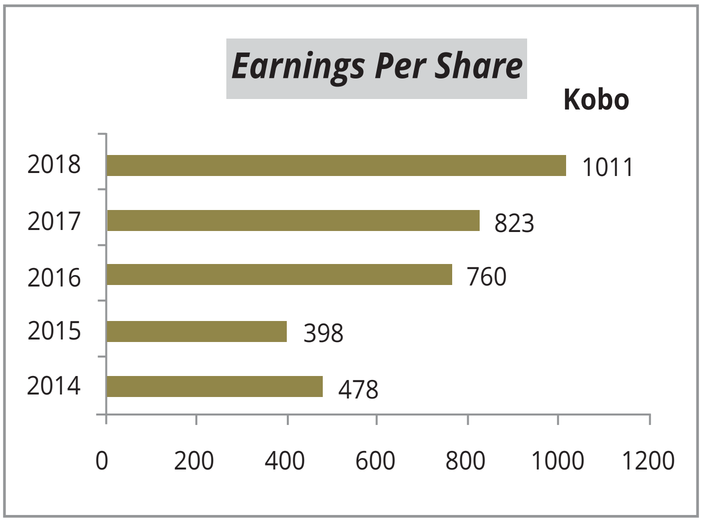








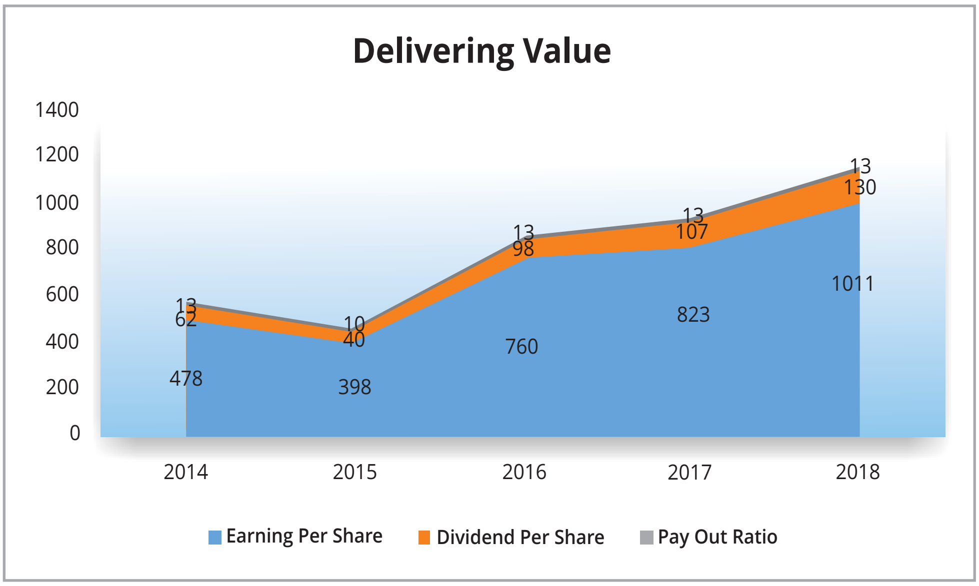




Growth History

Healthy Growth, Delivering Significant Value

		2014	2015	2016	2017	2018
Earning Per Share	in Kobo	478	398	760	823	1011
Dividend Per Share	in Kobo	62	40	98	107	130
Pay Out Ratio	in %	13	10	13	13	13
Closing Share Price	in NGN	27.78	53.45	30.32	51.31	68.30
Market Capitalisation	in Mn Naira	13,889	26,724	15,159	25,653	34,148
NSE All Share Index (ASI)		34,684	28,642	26,875	38,243	31,431



- Progressively, Strong Growth Based Financial Performance
- EPS Growth by 212% over 5 years, show-casing robust delivery of value to all stakeholders
- Solid Dividend Payout over the years, Complementing Reinvestment in Growth, and expansion for leveraging potential opportunities
- Lasting and buoyant performance of the Share price, growing by 246% over 5 years, consistent with the Wholesome financial performance and Outpacing the NSE Index in the same period

Company Snapshot

Beta Glass is the preferred supplier of glass packaging in the West Africa market. We provide high quality and cost efficient glass packaging solutions to our wide range of customers. With a leading position, we strive to deliver value based glass containers of extensive sizes, shapes and colours.

Beers and malt

Breweries (including malt) represent our largest customer segment accounting for 56% of total glass unit sales.

Soft drinks

Sales to soft drink companies account for 16% of our glass unit sales.

Wine and spirits

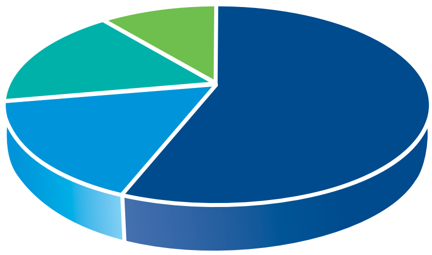
Wine and spirits represent 17% of our unit sales with an offering from proprietary to generic bottles.

Pharmaceutical and cosmetics

This segment represents 11% of our glass unit sales. We manufacture glass containers for leading pharmaceutical and cosmetic companies.

Revenue breakdown by customer segment

Beers and malt	56%
Soft drinks	16%
Wine and spirits	17%
Pharmaceutical and cosmetics	11%



Markets

Beta Glass exported to 5 countries: Cameroon, Ghana, Sierra Leone, Guinea and Liberia.

2 production plants

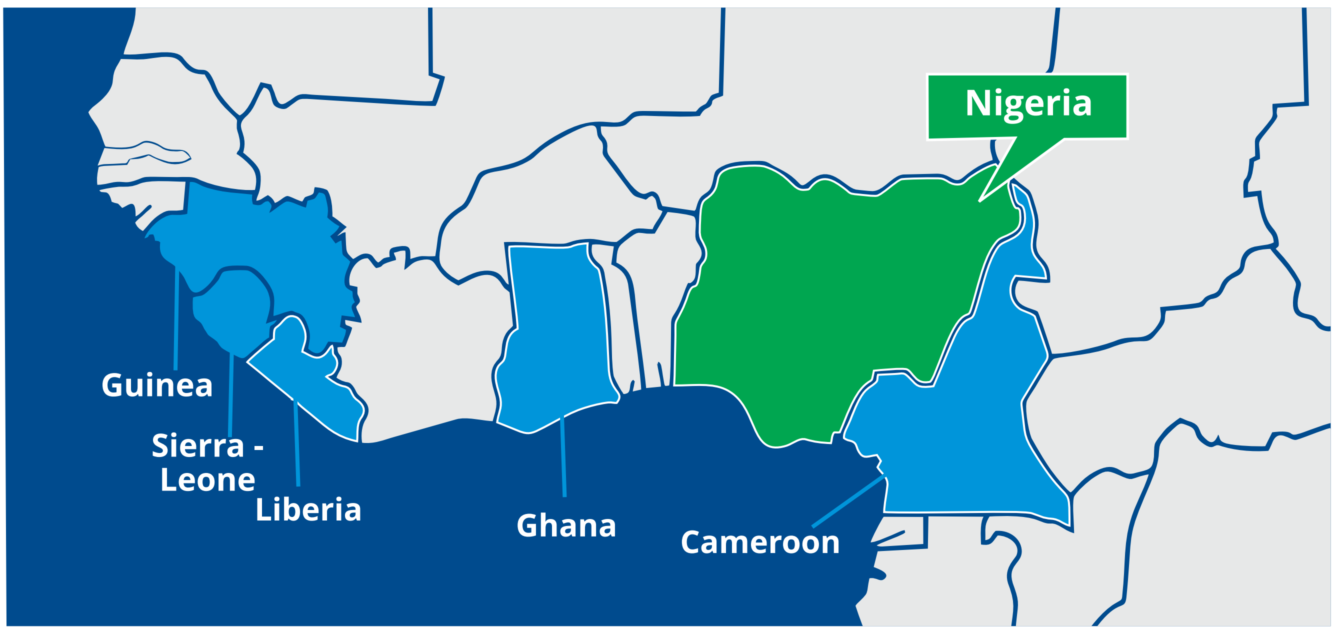
Guinea plant at Agbara
Delta plant at Ughelli

Capacity

Number of furnaces: **3**
Daily glass production: **600 tons**

Capital expenditure

Capital expenditure amounted to **N7.9 billion in 2018,** directed primarily to machinery and equipment.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of Beta Glass PLC will be held at The Federal Palace Hotel, 6-8 Ahmadu Bello Way, Victoria Island, Lagos on Thursday, July 4, 2019 at 12.00 Noon for the following purposes:

1. To lay before the meeting, the audited financial statements for the year ended December 31, 2018 together with the Directors', Auditors' and Audit Committee's Reports thereon.

2. To re-elect Directors retiring in accordance with the Company's Articles of Association.

3. To declare a dividend.

4. To authorize the Directors to fix the remuneration of the Auditors.

5. To elect shareholders' representatives on the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions as Ordinary Resolution of the Company:

6. "That the Directors' annual fees payable to each Director (Non-Executive) until further notice be and is hereby fixed at the sum of N500,000 (Five Hundred Thousand Naira), save the Chairman whose fees shall be fixed at the sum of N750,000 (Seven Hundred and Fifty Thousand Naira) until further notice."

7 "That pursuant to the Nigerian Stock Exchange Rules governing transactions with Related Parties or Interested Parties, a general mandate be and is hereby given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms."

Notes:

1. Proxy
A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

All instruments of proxy duly stamped by the Commissioner of Stamp Duties in accordance with the Stamp Duties Act (Cap S.8 Laws of the Federation of Nigeria 2004) should be deposited with the Registrar at Cardinalstone (Registrars) Limited, 358 Herbert Macaulay Way, Yaba, Lagos not less than 48 hours before the time for holding the meeting.

2. Dividend
If the dividend of Nl.30 per share as recommended by the Directors is approved by the members at the Annual General Meeting, the dividend will be credited on July 5, 2019 to mandated accounts of members so entitled whose names appear on the Company's Register of Members at the close of business on June 14,2019.

3. E-Dividend
Notice is hereby given to all Shareholders to open bank accounts, Stockbroking accounts and CSCS accounts for the purpose of receiving their dividend. A detachable application form for e-dividend is attached to this Annual Report to enable all Shareholders furnish particulars of their accounts to the Registrar as soon as possible.

4. E-Report
In order to improve delivery of our Annual Report, we have inserted a detachable Form to the Annual Report and hereby request Shareholders who wish to receive the Annual Report of Beta Glass PLC in an electronic format to complete and return the Form to the Registrar for further processing.

In addition, Annual Reports are available online for viewing and download from our website at https://www.frigoglass.com / beta-glass-investors /

5. Closure of Register
The Register of Transfers shall remain closed from June 17, 2019 to June 21, 2019 (both dates inclusive) for the purpose of updating the Register of Members.

6. Nominations for the Audit Committee
The Audit Committee consists of 3 Shareholders and 3 Directors, in accordance with section 359 (5) of the Companies and Allied Matters Act, CAP C 20, LFN 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving in writing, notice of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

7. Rights of Shareholders to ask questions
In accordance with Rule 19.12(C) of the Listing Rules of the Nigerian Stock Exchange, 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 office of the Company Secretary on or before June 27, 2019.

BY ORDER OF THE BOARD

BOLA ADEBISI (MS.)
Company Secretary
FRC/2013/NBA/00000002344

IDDO HOUSE, IDDO, LAGOS

Dated this 24th day of May 2019.

Directors, Officers and Advisers

DIRECTORS:

Otunba Abimbola Ogunbanjo	Chairman	
Mr. Darren Bennett-Voci (British)	Managing Director	
Dr. Zulikat Wuraola Abiola	Director	
Ms. Olufunmilola Adefope	Director	(appointed w.e.f 22/03/2018)
Mr. Haralambos (Harry) G. David (Cypriot)	Director	
Mr. Nikolaos Mamoulis (Greek)	Director	
Mr. John Mastoroudes (British)	Director	
Ms. Oluwaseun Abimisola Oni	Director	

Secretary:

Bola Adebisi (Ms.)

Registered Office:

Iddo House, Iddo, P. O. Box 159, Lagos
Phone: +234 1 280 6700, 234 1 774 0844
Fax: +234 1 280 6701

Registrar And Transfer Office:

Cardinalstone (Registrars) Limited
358 Herbert Macaulay Way,
Yaba, Lagos.

Auditors:

EY (Ernst & Young) Nigeria
(Chartered Accountants)
13th Floor UBA House, 57 Marina,
Lagos.

Chairman's Statement

Distinguished Shareholders, Ladies and Gentlemen, it is my pleasure to welcome you to the 45thAnnual General Meeting of our Company. I am also pleased to present to you the Annual Report and Financial Statements together with a review of the performance of our Company for the year ended December 31, 2018.

Permit me to start by highlighting some of the key events in our operating environment that underscored our performance in the 2018 financial year.

THE OPERATING AND ECONOMIC ENVIRONMENT

The Nigerian Economy continued to recover in the year under review, having undergone its first recession in a quarter of a century. The economy expanded by 1.93% in Full Year ((FY) 2018, higher than 0.82% recorded in 2017, according to the National Bureau of Statistics (NBS). The IMF World Economic Outlook Report had initially indicated that the Nigerian Economy was projected to grow by 2.1% in 2018 and 2.3% in 2019. However, due to unfavourable developments in the economy, the growth rate was downgraded to 1.9% for 2018. The growth rate of 0.8% in 2017 when the economy emerged from recession, driven mainly by the oil sector and the higher growth of 1.9% in 2018 which was broad based, nevertheless still fell below the population growth rate, government projections and pre-recession levels.

The expectation of stronger growth in the economy was dampened by contraction in the oil and gas sectors, contractions in the agricultural sector, a consequence of the so called "farmers-herders" clashes, increased political tension, amongst others. The most influential sectors that drove the performance of the economy in 2018 are Information and Communication; Manufacturing, Transportation and Storage, and Mining and Quarrying sectors. Although, the country remained the largest in Africa by GDP, the economy is however not growing at a sufficient pace to create enough job opportunities for the rising unemployed youth population, which the NBS put at 21 million as at Q3 2018.

The exchange rate was relatively stable in 2018 in different segments of the FX market including the Importers' and Exporters' (I&E) foreign exchange window. At the parallel market, the naira hovered within

Chairman's Statement (Cont'd)

the band of N361/$ - N367/$; and the I&E FX window, the naira traded within the tight band of N361/$ - N363/$.Higher oil prices and stable local production levels of crude oil were two key critical factors that helped to restore calm in the forex market. To ease pressure on the domestic currency, the Central Bank of Nigeria commenced the sale of the Chinese yuan in Q2 2018, following the currency swap agreement, worth $2.5 billion (15 billion yuan or 720 billion naira), signed with the People's Bank of China in April 27, 2018, while sustaining its aggressive OMO mop up exercise. A significant rise in international crude oil prices from about $60 per barrel in early 2018 to $80 per barrel before declining to $57 per barrel in December also boosted the economy.

In the 2018 World Bank Ease of Doing Business report, Nigeria moved up the ladder 24 places to rank 146 out of 190 countries while notwithstanding some progress made in socio-economic terms in recent years, human capital development remains weak due to under-investment and the country consequently ranked 152 of 157 countries in the World Bank's 2018 Human Capital Index.

During the year under review, investors in the Nigerian equities market lost over N700 billion as at September 2018 with political uncertainty and capital outflow from emerging and frontier markets playing a role in the downward trend in the market. The gridlock at the two functional ports in the country, the Lagos Apapa and Tin-Can Island Ports, wreaked havoc on international trade, haulage, commuting and business activities. Traffic congestion on major road networks in Lagos, took its toll on man hours while businesses dependent on importation and export, and big factories located within the Apapa/Wharf axis of Lagos State reported weaker volumes. The country also faced disruptions in fuel supply, power shortages and insecurity in some parts of the country among other challenges.

FINANCIAL PERFORMANCE

Despite the very tough economic landscape during the year under review, I am pleased to report that your Company recorded an18.6% increase in Turnover from N22.186 Billion to N26.321Billion. This growth was mainly driven by price increases in response to inflationary trends and partly by higher volume sold.

The Company recorded a strong gross profit at 24% of sales, which was 22% higher compared to prior year. The improved gross profit was largely driven by enhanced sales prices offsetting increase of input costs. Our Operating Income was strong at 22% of sales, showing a healthy improvement of 35% as compared to prior year, due to sustained control of our Overheads, lower Operating Expenses and increased Other Income. The Finance Income rose by 11%, to N1.41 Billion for the year, while the foreign exchange gains dropped compared to prior year due to general naira stability. The prudent deployment of resources, enabled robust returns, improving Profit Before Tax to 27% of Sales. The Net Profit margin stood at a healthy 19%, which remains broadly steady compared to prior year, despite very challenging conditions during the year.

In relation to the Company's cash flow and financial position during the year under review, Shareholders' Equity improved by N4.4 Billion when compared to the previous year, resulting from the strong profit and adjusted for the dividend distributed during the year.
The Company's cash flow was managed efficiently given the difficult conditions and the Capex spends which were significantly higher compared to prior year, due to the furnace cold repair in our Delta Plant. Notwithstanding the increased Capex needs, your Company closed the year with a very robust cash position of N8.9 Billion, auguring well for critical Capex requirements in the coming years.

It is also worthy of note that the Company ended its Employee Gratuity Scheme based on agreement with the various employee unions. Accordingly, a final closure and payout was agreed and all beneficiaries were paid before 31 December 2018. Consequently, the Company has no Gratuity Scheme going forward in 2019 and future years.

DIVIDEND

Your board has recommended a gross dividend of N1.30 Kobo per share subject to the deduction of 10% withholding tax. This represents a 22% increase in value from last year's dividend and is consistent with the

Chairman's Statement (Cont'd)

Company's dividend policy to pay out 13% of Net Profit after Tax. Your Company's policy of retaining a good portion of its earnings has enabled it to meet Capital intensive obligations such as Furnace Rebuild and Cold repair that are required to be carried out from time to time for the sustenance of the business which has also resulted in the lowering of our finance costs.

I would like to take this opportunity to encourage you all to complete the e-dividend form in this Annual Report and submit them to the Registrars to facilitate the timely payment of dividends as may be declared in the future whilst reducing the incidence of unclaimed dividends.

FUTURE PROSPECTS

The country continues to face massive developmental challenges, which include the need to reduce the dependency on oil and diversify the economy, address insufficient infrastructure, and build strong and effective institutions, as well as governance issues and public financial management systems.

Large pockets of Nigeria's population still live in abject poverty, without adequate access to basic services and could benefit from more inclusive development policies. Job creation also remains a burning issue as the country cannot, from a social and security perspective, keep unemployment at its present level. The fragile recovery in the economy also means that additional policies which would fast track economic activities in the country are urgently required.

Notwithstanding the political tension in the economy as we approached the national elections, which was the sixth since the country's return to democracy in 1999, the elections held early this year without any major incident. The incumbent president, Muhammadu Buhari won his reelection bid and will be sworn in for a second term on May 29, 2019. The main policy priorities of his government in his first term, which are fighting corruption, increasing security, tackling unemployment, diversifying the economy, enhancing climate resilience and boosting the living standards of Nigerians will most likely continue to be pursued in his second term.

With the elections over, we are expectant that structural challenges confronting the economy in critical sectors, such as Oil and Gas, Power, Infrastructural deficit and Healthcare would be addressed and resolved to move the economy to the next level of growth. While we commend the Buhari Administration for signing the New National Minimum Wage Bill into Law on April 18, 2019, eight years after the last review, constraints around ease of doing business, infrastructure deficit, getting electricity, regulations, multiple exchange rate regime and fiscal/debt sustainability and security must also be quickly and decisively addressed, along with urgent improvement of the Lagos Port situation.

We are hopeful that the country which has a high dependence on oil exports for federal revenues and foreign exchange earnings, will also ensure the maintenance of the current peace in the Niger Delta and the recovery of the economy, if sustained, will ultimately reduce the business risks inherent in the country and, consequently attract more investors.

I am pleased to inform you that the Glass business delivered on its business plan and successfully completed the furnace cold repair faster than expected at the Delta Plant last year thereby enhancing its efficiency and capacity. We have also commenced preparations towards furnace rebuild in Agbara Plant which is scheduled for H1 2020. This furnace rebuild is a strategic project targeted at the transformation of the Company's glass capacity for Nigeria and the export markets, for the anticipated growth and demand for glass in Nigeria.

The issue of Export Expansion Grant (EEG) Receivables and Unutilized Negotiable Duty Credit Certificates (NDDC) continue to be an Industry wide challenge. We note that the relevant administering government bodies are working on the settlement process for the eligible exporters and we expect positive actions from the Federal Government to implement the clearance of their obligations towards Export Grants. We are therefore, expectant that the Export Grants due to the Company and other eligible exporters will be speedily processed by the relevant agencies of government and the benefits thereon disbursed by the Federal Government by issuance of Promissory Notes /Tax Credits.

Chairman's Statement (Cont'd)

BOARD OF DIRECTORS AND PEOPLE

There were no changes in the Board composition of the Company in the year under review and I wish to take this opportunity to thank the members of the Board for their unwavering focus and dedication to the continued success of the Company.

Our human capital is our most valuable asset and we are committed to recruiting, developing and retaining the best talent in line with our long term policy and growth strategy. I am also pleased to report that once again industrial harmony was maintained with no incidents of industrial unrest reported at either of our plants.

We continue to prioritize and remain vigilant with the health and safety of our employees especially in an industry such as ours and I am also happy to report that we did not suffer any employee injury or loss in the course of their employment. In spite of the tough year, the entire workforce performed conscientiously with true loyalty and diligence. I am grateful to them for their dedication and contributions.

COMMUNITY RELATIONS

Distinguished shareholders, the communities (Agbara and Ughelli) within which we operate deserve special mention for the sustained harmonious relationship over the years. We continuously enjoy cordial relationship with our hosts, and for this we are very grateful. I would also like to appreciate our Technical Partners for their unwavering support and commitment to the affairs of our Company.

My appreciation also goes to my colleagues on the Board, our loyal and hardworking employees and all those who have contributed to our commendable performance.

Finally, on behalf of the Board of Directors and the Management of the Company, I would like to express my gratitude and deepest appreciation to our valued customers for the continuous patronage of our products and our shareholders for their steadfastness and confidence reposed in us. I wish to assure them that the board will not betray their trust.

I thank you most warmly for your attention.

Otunba Abimbola Ogunbanjo
Chairman

Material and structural work in progress: New furnace rebuild with higher capacity.

Board of Directors

Otunba Abimbola Ogunbanjo
Chairman

Darren Bennett-Voci (British)
Managing Director

Dr. Zulikat Wuraola Abiola
Director

Ms Olufunmilola Adefope
Director

Haralambos (Harry) G. David (Cypriot)
Director

Nikolaos Mamoulis (Greek)
Director

John Mastoroudes (British)
Director

Ms. Oluwaseun Abimisola Oni
Director

Profile of Directors

Otunba Abimbola Ogunbanjo (Chairman)

Otunba Abimbola Ogunbanjo is an Economist and a Lawyer. He is the Managing Partner of Chris Ogunbanjo LP and has vast knowledge and experience in the areas of Corporate, Commercial and Admiralty Law. He has, over the years garnered considerable corporate finance experience and has a brilliant understanding of legal issues in his preferred areas of practice. Otunba Ogunbanjo is the current President of the National Council of the Nigerian Stock Exchange and Director of many other companies with membership also of many national and international professional bodies. He joined the Board of Beta Glass PLC on September 28, 2010 and was appointed the Chairman with effect from July 9, 2015.

Mr. Darren Bennett-Voci

Mr. Darren Bennett-Voci was appointed the Glass Division Director in March 2016. Darren is a multilingual senior executive with 21 years of experience in container glass industry. He has operated in a wide variety of business environments, cultures and countries, both in Europe and Middle East. Most of his experience was with global container glass industry leader, Owens-Illinois, where he held a variety of positions in Sales and Marketing at a regional level.

Mr. John Mastoroudes

Mr. Mastoroudes joined the Board of the Company on September 28, 2010. He holds a Master of Arts Degree (Marketing). He was the Managing Director of Carpet Royal Nigeria Limited, a subsidiary of A. G. Leventis (Nigeria) Plc; and General Manager of the defunct Leventis United Football Club for over 10 years. He took an early retirement from the Leventis Group to join Flour Mills of Nigeria as Executive Director of Golden Fertilizer Limited. He is currently an Executive Director of Lagos Free Trade Zone and Viva Methanol.

Mr. Haralambos G. David

Mr. Haralambos (Harry) George David began his career as a certified Investment Advisor with Credit Suisse in New York. He then served in several executive positions within Leventis Group Companies. Today he is the Chairman of Frigoglass SAIC and is on the Boards of A. G. Leventis (Nigeria) PLC, Nigerian Bottling Company Limited, Ideal Group and PilWik (Nigeria) Ltd. (Joint venture with Pick n Pay, South Africa).

Mr. David is a member of the Organizing Committee of the Athens Classic Marathon and member of the TATE Modern's Africa Acquisitions Committee. He has served on the boards of Alpha Finance, ΔΕΗ (Hellenic Public Power Corp) and Emporiki Bank (Credit Agricole).

Mr. Nikolaos Mamoulis

Mr. Mamoulis holds a Bachelor's degree in Business Administration from the Economic University of Athens. He began his career in 1987 where he held various positions in the finance field. He rejoined Coca-Cola Hellenic in 2005 as Region Finance Director covering almost all Group operations and served as Group Financial Controller since 2010. Mr. Mamoulis has been the Chief Executive Officer at Frigoglass SAIC since July 2015 and served as its Managing Director. He also served as the Chief Financial Officer of Frigoglass SAIC from October 2013 to July 2015.

Dr. Zulikat Wuraola Abiola

Dr. Zulikat Wuraola Abiola, is the Managing Director of Management Transformation Limited (MT), a management consultant firm. In this capacity, she has served clients in Nigeria and throughout Africa in strategy, business development, leadership, governance, organizational development, risk management and public sector policy consulting since 1999. She leads complex financial management, strategy and organizational development projects in finance, energy and natural resources sectors. Her impact on client engagements is a result of a compelling blend of extensive knowledge of the African business environment and international strategic management consulting experience.

Profile of Directors (Cont'd)

She was a management consultant at McKinsey & Co (New York and then in London). She worked primarily in the areas of Strategy and Organization. She is also a Senior Lecturer (Adjunct) – Organizational Development at the University of Lagos, Department of Business Administration and serves as the lead MT facilitator on strategy, leadership and management training courses.

She holds B.Sc. in Business Administration from McLaren School of Business, USF San Francisco, S. A, MBA from London University and Ph.D. - Organizational Behaviour from London University, Imperial College, London, England.

Ms. Oluwaseun Abimisola Oni

Ms. Seun Oni is a Senior Finance Executive, with over 25 years professional experience spanning Assurance & Business Advisory and leading financial strategies and processes in multinational organizations. Ms. Oni started her career in 1991 with the firm of Price water house Coopers and took increasing roles within the firm, including leading multi-disciplinary consulting engagements for large scale organizations across various industry segments.

She moved into operational management in 1999, joining the Coca-Cola Company as the Budget and Planning Manager for Coca-Cola Nigeria Limited and held varied roles of increasing capacities within the Finance function and across geographies. In 2009, Ms. Oni was appointed to the board of Coca-Cola Nigeria in her role as the Country Finance Director. In further recognition of her commitment to leadership development, she was appointed as a representative to the Eurasia Africa Group Women's Leadership Council of the Coca-Cola Company.

She joined the Nigeria Bottling Company Limited (an anchor bottler of the Coca-Cola Company and subsidiary of the Coca-Cola Hellenic Beverages Company) in 2014 as the Country Chief Finance Officer and amongst the key milestones in the role, she established herself as a transformational leader, leveraging her passion & focus around people and capability development to transform the Finance Function, lead optimization initiatives to drive cost efficiencies that translated to step change improvement in cost margins.

After a career spanning 18 years with the Coca-Cola System (Cola-Cola Nigeria Limited & Nigeria Bottling Company Limited), Ms. Oni transitioned from Nigeria Bottling Company Limited in December 2017 and took on her current role as the Executive Finance Director of Reckitt Benckiser, West Africa effective January 1, 2018.

Ms. Oni is a fellow of the Institute of Chartered Accountants of Nigeria and member of the Institute of Directors. She holds an honors degree in Economics from the University of Lagos and is also an alumnus of the management programmes of the Lagos Business School, Wharton Business School Pennsylvania and IMD Business School, Lausanne.

Ms. Olufunmilola Adefope

Ms. Olufunmilola (Lola) Adefope is a graduate of Fine Art (BA) from the University of Reading, United Kingdom and is currently the General Manager of Business Travel Management Ltd, a Travel Management Company which houses several brands and sister companies specializing in; travel and aviation consultancy, travel technology, tourism and call centre management. Ms. Adefope manages the company in both Nigeria and Angola with registered entities in the UK and UAE. Passionate about the Travel, Tourism and Aviation industry as well as Nigeria, Ms. Adefope consults and has been honoured with invitations to present and deliver papers in Nigeria, Mozambique, South Africa, and the UK to entities including but not limited to; Pan African Business School, African Business Travel Association (ABTA), Marriott Hotels, SAATCHI, ACTE and Design for Development Paris.

12 March 2019

The Chairman
Beta Glass Plc
5th Floor, Iddo House
Iddo, Lagos

Dear Sir

Report to the Directors of Beta Glass Plc. on the Outcome of the Recently Concluded Board Performance Assessment

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Board of Directors of Beta Glass Plc. (" Beta Glass") or ("the Company") as required by Section 15.1 of the Securities and Exchange Commission (SEC) Code of Corporate Governance for Public Companies in Nigeria ("the Code" or "SEC Code"). The evaluation covers the Board's structure, composition, responsibilities, processes, relationships and performance of the Committees for the period ended 30 September 2018.

The Board is responsible for the preparation and presentation of the information relevant to its performance. Our responsibility is to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our Letter of Engagement dated 12 September 2018. In carrying out the evaluation, we have relied on representations made by members of the Board and Management and on the documents provided for our review.

The Board has complied significantly with the provisions of the SEC Code. Areas of compliance include the Board's oversight of the Company's financial performance, strong oversight of compliance and internal control systems, and the gender diversity on the Board. Furthermore, the Board monitored the performance of the annual risk assessment of the Company's operations.

We have also identified some areas of improvement. These have been communicated to the Board and Management of Beta Glass Plc.

We also facilitated a Self and Peer-assessment of each Director's performance in the year under review. This assessment covered the Director's time commitment to the business of the Company, commitment to continuous learning and development and a self & peer assessment. Each individual Director's assessment report was prepared and made available to them respectively while a consolidated report of the performance of all Directors was also submitted to the Board Chairman.

Yours faithfully
For: PricewaterhouseCoopers Limited

Femi Osinubi
FRC/2017/ICAN/00000016659

PricewaterhouseCoopers Limited
Landmark Towers, 5B Water Corporation Road, Victoria Island, P O Box 2419, Lagos, Nigeria
T: +234 1 271 1700, HYPERLINK http://www.pwc.com/ng TIN: 00290010-0001 RC39418

Directors' Report
for the year ended 31 December 2018

The Directors present to the members of the Company, their Annual Report together with the Audited Financial Statements and Other National Disclosures for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is the manufacture and sale of glassware.

State of affairs

In the opinion of the Directors, the state of the Company's affairs is satisfactory and no events have occurred since the reporting date, which would affect the financial statements as presented.

Results for the year

	2018 N'000	2017 N'000
Revenue	26,321,014	22,186,258
Profit before taxation	7,188,181	5,854,740
Profit after taxation	5,052,805	4,115,142

Appropriation of profit after taxation

The Directors recommend to the shareholders, the payment of a gross dividend of N1.30 Kobo per 50 kobo ordinary share to all shareholders on the Company's Register of Members as at the close of business on June 14, 2019. If the Directors' recommendation is approved by the shareholders, the profit after taxation of N5,052,805,000 will be appropriated as follows:

	2018 N'000
Proposed dividend (Gross)	649,964
Transfer to general reserve	4,402,841

Directors

The Directors retiring by rotation in accordance with the Articles of Association are **Otunba Abimbola Ogunbanjo, Mr. Darren Bennett-Voci and Mr. Nikolaos Mamoulis** and being eligible, offer themselves for re-election.

Record of Directors attendance at meetings

Pursuant to Section 258 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 the records of Directors' attendance at Board meetings during the year under review will be available for inspection at the Annual General Meeting.

Directors' interests in contracts

Otunba Abimbola Ogunbanjo is the Managing Partner of Chris Ogunbanjo LP., one of the providers of legal services to the Company. In accordance with Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, Otunba Abimbola Ogunbanjo has notified the Board of his interest.

Ms. Olufunmilola Adefope is the Managing Director of Business Travel Management Limited (BTM), one of the providers of travel related services to the Company. In accordance with Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, Ms. Olufunmilola Adefope has notified the Board of her interest.

None of the other Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 of any disclosable interests in contracts involving the Company either as at 31 December 2018 or at the date of this report.

Directors' interests in the Shares of the Company

As at 31 December 2017 and 31 December 2018, the interests of the Directors (and those who served on the Board of the Company during the year under review) in the issued share capital of the Company as recorded in the register of members in compliance to Section 275 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 were as follows:

		Nature of Holding			
		(2018)		(2017)	
S/N	Name of Director	Direct	Indirect	Direct	Indirect
1.	Otunba Abimbola Ogunbanjo	Nil	105,400*	Nil	105,400*
2.	Mr. Darren Bennett-Voci (British)	Nil	Nil	Nil	Nil
3	Dr. Z. Wuraola Abiola	Nil	Nil	Nil	Nil
4	Ms. Olufunmilola Adefope (appointed w.e.f. 22/3/18)	Nil	Nil	Nil	Nil
5	Mr. Olaolu Akerele (resigned w.e.f. 22/3/18)	Nil	Nil	Nil	Nil
6	Chief Chris Avielele (retired w.e.f. 22/3/18)	27,474	Nil	27,474	Nil
7	Mr. Haralambos G. David (Cypriot)	25,437	Nil	25,437	Nil
8	Mr. Nikolaos Mamoulis (Greek)	Nil	Nil	Nil	Nil
9	Mr. John Mastoroudes (British)	Nil	Nil	Nil	Nil
10	Ms. Oluwaseun Abimisola Oni	Nil	Nil	Nil	Nil

*Otunba Abimbola Ogunbanjo has beneficial interest in 105,400 shares held by Turnbull Investments Limited.

Save as disclosed above, the Company is not aware of any other interests of the Directors in the share capital of the Company or of its Holding Company - Frigoglass Industries (Nigeria) Limited as at 31 December 2018 or at the date of this report.

Corporate governance

The Directors have striven to maintain its corporate governance, ethics and abide by rules and regulations of the relevant regulatory authorities during the year under review.

Significant changes in Property, Plant and Equipment

Movements in Property, Plant and Equipment during the year were as shown in Note 14 to the audited financial statements. In the opinion of the Directors, the market value of the Company's

Directors' Report (Cont'd)
for the year ended 31 December 2018

Property, Plant and Equipment is not less than the carrying values shown in the Statement of Financial Position.

Acquisition of Own Shares

The Company did not acquire its own shares during the year ended 31 December 2018 (2017: Nil).

Charitable gifts

In compliance with Section 38(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 the Company did not make any donations or give gifts to any political party, political association or for any political purpose during the year ended 31 December 2018 (2017: Nil).

Corporate social responsibility

It is the policy of the Company to try and consistently improve on some amenities within its host communities. Thus, during the year ended 31 December 2018, the Company accomplished the following:

	2018 N'000
Rehabilitation of dilapidated Ekrerhavwe Community water scheme	3,500
Rehabilitation of Erumokowarin Town Hall	3,000
Provision of chairs and tables for Agbara Community Grammar School	1,417
Co-sponsor of Cancer awareness campaign by Nigerian Stock Exchange	3,500
Total cost	**11,417**

Employment policies and training

The Company's employment policy ensures that opportunities are also given to disabled persons. Disabled applicants are therefore given special consideration for employment having regard to the aptitudes and capabilities of each applicant.

The Company also has training programmes designed to ensure that employees who became disabled during their employment are not, for the sake of their disabilities, disadvantaged in their career development in the Company. The company provides overseas and on-the-job technical training for employees' knowledge in glass production technology.

Health, safety and welfare of employees

The Company has standard in-plants clinics run by competent and qualified medical personnel where free medical services are provided for all staff. There are also stand-by ambulances for transfer of serious cases of illness to designated hospitals retained by the Company.
The Company provides free meals to its employees at the staff canteens.

There are contributory pension/ retirement benefit schemes for both management and junior employees of the Company. The schemes are in compliance with the provisions of the Pensions Reform Act 2014.

Employees' involvement

The Company consults with representatives of the workers union on important issues that affect the career of employees and the fortunes of the Company.

Employees' individual suggestions are entertained through the use of suggestion boxes strategically located in the Company's premises.

Employment of Disabled Persons

It is the Company's policy to give special consideration to disabled persons having regard to the individual applicant's aptitudes and abilities. There were no disabled persons in the Company as at year ended 31 December 2018. (2017: Nil).

Employment Equity, Gender Policies and Practices

Our employment and promotion policy ensures equity, and is free from discriminatory bias of gender, ethnic origin, age, marital status, sexual orientation, disability, religion and other diversity issues. This is role modelled throughout our end-to-end employee life cycle process.

Events after the reporting date

A dividend in respect of the year ended 31 December 2018 of 1.30 Naira per share, amounting to a total dividend of N649,963,600 was proposed at the Board meeting held on 21 March 2019 and subject to approval at the Annual General Meeting.

There were no other events after reporting date which could have had a material effect on the state of affairs of the Company as at 31 December 2018 and on the profit for the year ended on that date which have not been adequately provided for or recognized.

Auditors

Messrs. Ernst & Young have indicated their willingness to continue in office as Auditors of the Company in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD

BOLA ADEBISI (MS)
Company Secretary
FRC/2013/NBA/00000002344

IDDO HOUSE, IDDO, LAGOS
21 March, 2019

Corporate Governance Report
for the year ended 31 December 2018

INTRODUCTION

BETA GLASS PLC (Company) is committed to the best practices in corporate governance; hence the Board continually reviews its corporate governance standards and procedures in the light of the current developments in and outside Nigeria. It recognizes that corporate governance is fundamental to earning the confidence and trust of its shareholders and consequently provides the structure through which the objectives of the Company are set and the means of attaining such objectives.

The Board is guided in its Corporate Governance policies by the provisions of the Securities and Exchange Commissions Code of Corporate Governance (the Code) which came into effect on April 1, 2011 and its policies are designed to ensure that the Company's business is conducted in a fair and transparent manner which conforms to high ethical standards. The governance framework helps the Board to discharge its roles of providing oversight and strategic counsel in balance with their responsibility to ensure conformity with regulatory requirements and acceptable risk.

In compliance with Section 34 (4) of the Code, it is hereby reported as follows:

THE BOARD OF DIRECTORS

The Directors of the Company are professionals who are well established in various fields of endeavor such as Management, Law, Business, Economics and Finance, creating a good skills- mix and wealth of experience which they have brought to bear on deliberations at Board meetings and in the exercise of their oversight functions. The Board which is of a size relative to the scale and complexity of the Company's operations, governs and supervises the overall activities of the Company through the Managing Director.

COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is as follows:

Title	Name	Executive/Non-Executive	Independent	Date of Appointment
Chairman	Otunba Abimbola Ogunbanjo	Non-Executive		28/09/2010
Managing Director	Mr. Darren Bennett-Voci (British)	Executive		17/03/2016
Member	Dr. Zulikat Wuraola Abiola	Non-Executive	Independent	06/07/2017
Member	Ms. Olufunmilola Adefope	Non-Executive		22/03/2018
Member	Mr. Olaolu Akerele (Resigned w.e.f. 22/3/2018)	Non-Executive		17/03/2016
Member	Chief Chris Avielele (Retired w.e.f. 22/3/2018)	Non-Executive		28/09/2010
Member	Mr. Haralambos (Harry) George David (Cypriot)	Non-Executive		24/04/2008
Member	Mr. Nikolaos Mamoulis (Greek)	Non-Executive		17/03/2016
Member	Mr. John Mastoroudes (British)	Non-Executive	Independent	28/09/2010
Member	Ms. Oluwaseun Abimisola Oni	Non-Executive	Independent	21/09/2017

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

THE ROLE OF THE BOARD OF DIRECTORS

The Board Charter provides for the following as the roles and responsibilities of the Board of Directors:
- Strategy and Planning
- Staffing at Board and Senior Management Levels & Succession Planning
- Executive Remuneration
- Performance Monitoring
- Risk Management and Internal Control
- Capital Management and Financial Reporting
- Communication with the shareholders and Management of Investor relations
- Audit and Compliance

The Board is fully aware of its responsibilities which primarily involve the creation of stakeholder value and ensuring the success of the Company. The Board is responsible for ensuring that the affairs of the Company are run in an efficient manner and in compliance with applicable regulations. The Board has however delegated the day-to-day running of the business to Management. The Managing Director, who is the head of Management reports directly to the Board. Members of the Board are required at all times to act in the best interest of the Company in the articulation and formulation of its strategic direction. The Board of Directors is dedicated to ensuring that the Company achieves its objectives. The Board met four times during the year, on the following days: March 22, 2018, July 5, 2018, September 13, 2018 and November 29, 2018.

ATTENDANCE AT MEETINGS BY DIRECTORS

The following is the list of the directors and their attendance at meetings during the year:

Name	22/03/2018	05/07/2018	13/09/2018	29/11/2018
Otunba Abimbola Ogunbanjo	P	P	P	P
Darren Bennett-Voci (British)	P	P	P	P
Ms. Olufunmilola Adefope	N/A	P	P	P
Olaolu Akerele	P	N/A	N/A	N/A
Chief Chris Avielele	P	N/A	N/A	N/A
Haralambos (Harry) George David (Cypriot)	P	P	P	P
Nikolaos Mamoulis (Greek)	P	P	P	P
John Mastoroudes (British)	P	P	P	P
Dr. Z. Wuraola Abiola	P	P	P	P
Ms. Oluwaseun Abimisola Oni	P	P	P	P

P = Present   N/A = Not on the Board at the date of the meeting

The Directors retiring by rotation in accordance with the Articles of Association are **Otunba Abimbola Ogunbanjo, Mr. Darren Bennett-Voci** and **Mr. Nikolaos Mamoulis,** and being eligible, offer themselves for re-election.

The biographical details of the Directors seeking re-election are as stated below:

Otunba Abimbola Ogunbanjo
Otunba Abimbola Ogunbanjo is an Economist and a Lawyer. He is the Managing Partner of Chris Ogunbanjo LP and has a vast knowledge and experience in the areas of Corporate, Commercial and Admiralty Law. He has, over the years garnered considerable corporate finance experience and has a brilliant understanding of legal issues in his preferred

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

areas of practice. Otunba Abimbola Ogunbanjo is the current President of the National Council of the Nigerian Stock Exchange and a Director of many other companies with membership also of many national and international professional bodies. He joined the Board of Beta Glass PLC on September 28, 2010 and was appointed the Chairman with effect from July 9, 2015.

Mr. Darren Bennett-Voci

Mr. Darren Bennett-Voci was appointed the Glass Division Director in March 2016. Darren is a multilingual senior executive with 21 years of experience in container glass industry. He has operated in a wide variety of business environments, cultures and countries, both in Europe and Middle East. Most of his experience was with global container glass industry leader, Owens-Illinois, where he held a variety of positions in Sales and Marketing at a regional level.

Mr. Nikolaos Mamoulis

Mr. Mamoulis holds a Bachelor's degree in Business Administration from the Economic University of Athens. He began his career in 1987 where he held various positions in the finance field. He rejoined Coca-Cola Hellenic in 2005 as Region Finance Director covering almost all Group operations and served as Group Financial Controller since 2010. Mr. Mamoulis served as the Chief Financial Officer of Frigoglass SAIC from October 2013 to July 2015. He has been the Chief Executive Officer at Frigoglass SAIC since July 2015 and served as its Managing Director.

BOARD COMMITTEES

The Board has established standing Committees whose terms of reference clearly spelt out roles, responsibilities and scope of authorities.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee is composed of three (3) members made up of two (2) Non-Executive Directors and the Managing Director of the Company. The Committee was established to continually review the Company's Human Resources Policies, Procedures, Programmes, Compensation and Benefit Policies for all employees and the Board. The Committee met four (4) times in the year, on the following days: March 21, 2018, July 2, 2018, September 11, 2018 and November 26, 2018.

Directors' attendance at the Human Resources and Remuneration Committee meetings during the financial year ended December 31, 2018 is as stated below:

Name	21/03/2018	02/07/2018	11/09/2018	26/11/2018
Dr. Z. Wuraola Abiola	P	P	P	P
Mr. Olaolu Akerele (resigned w.e.f 22/3/2018)	P	N/A	N/A	N/A
Mr. John Mastoroudes (resigned w.e.f 21/3/2018)	P	N/A	N/A	N/A
Mr. Darren Bennett-Voci	P	P	P	P
Ms. Olufunmilola Adefope (appointed w.e.f 22/3/2018)	N/A	P	P	P

P = Present

N/A = Not on the Human Resources and Remuneration Committee at the date of the meeting

RISK MANAGEMENT COMMITTEE

The Risk Management Committee assists the Board in its oversight of the Company's risk profile, risk management framework and the risk strategy. The Risk Management Committee also has an oversight function over Management process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms.

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

The Risk Management Committee is composed of three (3) members made up of two (2) Non-Executive Directors and the Managing Director as follows:

Ms. Olufunmilola Adefope	-	Chairman
Mr. Olaolu Akerele (resigned w.e.f 22/3/2018)	-	Member
Mr. John Mastoroudes (resigned w.e.f 21/3/2018)	-	Member
Mr. Darren Bennett-Voci	-	Member
Dr. Z. Wuraola Abiola (resigned w.e.f 05/07/2018)	-	Member
Ms. Oluwaseun Abimisola Oni	-	Member

The Committee met four (4) times in the year, on the following days: March 21, 2018, July 2, 2018, September 11, 2018 and November 26, 2018.

Directors' attendance at the Risk Management Committee meetings during the financial year ended December 31, 2018 is as stated below:

Name	21/03/2018	2/07/2018	11/09/2018	26/11/2018
Ms. Olufunmilola Adefope	N/A	P	P	P
Mr. Olaolu Akerele	P	N/A	N/A	N/A
Mr. John Mastoroudes	P	N/A	N/A	N/A
Mr. Darren Bennett-Voci	P	P	P	P
Dr. Z. Wuraola Abiola	P	P	N/A	N/A
Ms. Oluwaseun Abimisola Oni	P	P	P	P

P = Present   N/A = Not on the Risk Management Committee at the date of the meeting

STATUTORY AUDIT COMMITTEE

The Audit Committee is composed of 6 members made up of three representatives of the shareholders elected at the 2018 Annual General Meeting for tenure of one year, and three representatives of the Board of Directors nominated by the Board. The Committee met four (4) times in the year, on the following days: March 20, 2018, May 24, 2018, July 20, 2018 and November 14, 2018.

COMPOSITION

1)	Professor Caleb Adeniyi Osuntogun, OFR	-	Shareholder/Chairman
2)	Mr. Olaolu Akerele (resigned w.e.f 22/03/2018)	-	Director/Member
3)	Ms. Olufunmilola Adefope (appointed w.e.f 22/03/2018)	-	Director/Member
4)	Chief Chris Avielele (resigned w.e.f 22/03/2018)	-	Director/Member
5)	Chief Robert I. Igwe (appointed w.e.f 05/07/2018)	-	Shareholder/Member
6)	Dr. Zulikat Wuraola Abiola (appointed w.e.f 05/07/2018)	-	Director/Member
7)	Ms. Oluwaseun Abimisola Oni	-	Director/Member
8)	Chief Simeon Akinyemi Odubiyi	-	Shareholder/Member

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

Members' attendance at the Audit Committee meetings during the financial year ended December 31, 2018 is as stated below:

Name	20/03/2018	24/05/2018	20/07/2018	14/11/2018
Professor Caleb Adeniyi Osuntogun, OFR	P	P	P	P
Mr. Olaolu Akerele	P	N/A	N/A	N/A
Ms. Olufunmilola Adefope	N/A	P	P	P
Chief Chris Avielele	P	N/A	N/A	N/A
Chief Robert I. Igwe	N/A	N/A	P	P
Dr. Zulikat Wuraola Abiola	N/A	N/A	A	P
Ms. Oluwaseun Abimisola Oni	P	A	P	P
Chief Simeon Akinyemi Odubiyi	P	P	P	P

P = Present A = Apologies N/A = Not on the Audit Committee at the date of the meeting

In 2018 the Audit Committee;

- reviewed the results of the audits undertaken by the Internal Audit department and considered the adequacy of management's responses to the matters raised, including the implementation of any recommendations made.
- reviewed and approved the 2018 Internal Audit programme, including the proposed audit approach, coverage and allocation of resources.
- reviewed the effectiveness of Internal Audit, taking into account the views of directors and senior management on matters such as independence, proficiency, resourcing, and audit strategy, planning and methodology.
- reviewed regular reports on control issues of Company level significance, including details of any remedial action being taken. It considered reports from the Internal and external auditors on the Company's systems of internal control and reported to the Board on the results of its review.

The Internal Audit department is an independent function that ensures that all operations are executing their duties in accordance with the corporate objectives, policies and procedures. In particular, Internal Audit seeks to ensure that internal financial control systems across the Company remain robust, consistent and sound.

The Internal auditor acts according to the International Standards for the Professional Practice of Internal Auditing and the policies and procedures of the Company, and reports directly to the Audit Committee.

In compliance with Section 31.14 of the Securities and Exchange Commission's Code of Corporate Governance, the Company engaged Messrs. Abidemi Fagbayi & Co., an Independent Reviewer as defined by the Institute of Internal Auditors to conduct an external assessment of its risk based internal audit function. The report from the Independent Reviewer confirmed that the Company has substantially complied with the provisions of the Securities and Exchange Commission's Code of Corporate Governance and that the activities of the Internal Audit and the Company are to a very large extent in compliance with good Corporate Governance Practice. Furthermore, the Internal Audit department has displayed substantial commitment in maintaining an adequate risk based audit function as well as full compliance with Section 31 of the Code.

BOARD APPOINTMENT, INDUCTION AND TRAINING

The process of appointing a new Director commences when a vacancy is declared by the Board. The Board determines the required skill, knowledge, competence and experience relevant to the Company's goals and mission. The curriculum vitae

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

of candidates satisfying the requirements are forwarded to the Human Resources and Remuneration Committee for consideration and recommendation to the Board. The Board thereafter scrutinizes the Committee's recommendation and appoints the candidate as a Director of the Company, if found suitable. At the next Annual General Meeting, the appointed Director is presented to the shareholders for election.

Upon appointment of a Director to the Board, the Director receives a letter of appointment and executes a Service Agreement containing the Terms and Conditions of engagement as Director.

The Company has in place a formal induction programme for newly appointed Directors. As part of this induction, each new Director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and familiar with the senior management team.

The Human Resources and Remuneration Committee is responsible for evolving a continuing education programme to ensure existing Directors stay current with the Company's business and objectives as well as relevant industry information and other external factors such as corporate governance requirements and best practices. As part of the programme, Directors are encouraged to periodically attend appropriate continuing education seminars or programmes which would be beneficial to the Company and the Directors' service on the Board.

PERFORMANCE EVALUATION PROCESS

In the year under review, Messrs. PriceWaterhouseCoopers, was engaged to conduct a formal evaluation process to assess the composition and performance of the Board, each Committee, and each individual Director. The assessment was conducted to ensure the Board, Committees, and individual members are effective and productive and to identify opportunities for improvement and skill set needs.

As part of the process, each member completed detailed and thorough questionnaires, and also participated in an oral interview session. While results were aggregated and summarized for discussion purposes, individual responses were not attributed to any member and were kept confidential to ensure that honest and candid feedback is received. A Director will not be nominated for re-election unless it is affirmatively determined that the Director is substantially contributing to the overall effectiveness of the Board.

BOARD NOMINATION POLICY

In compliance with Section 13 of The Securities and Exchange Commission's Code of Corporate Governance for Public Companies, the Company has a Nomination Policy which provides for a clearly defined, formal, rigorous and transparent procedure for the appointment of directors to the Board and that the criteria for the selection of directors should be defined to reflect the strength and weakness, required skills and experience as well as the age range and gender composition of the Board.

BOARD REMUNERATION POLICY

In compliance with Section 14.1 – 14.3 of the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria, the Company has a Remuneration Policy which serves to guide its Directors and Senior Management Levels on the criteria and mechanism for determining levels of remuneration and the frequency for review of such criteria and mechanism. The policy clearly defines the process for determining the Executive and Non-Executive Directors' compensation and provide how and to what extent, the Executive Directors reward should be linked to corporate and individual performance.

STATEMENT OF COMPANY'S RISK MANAGEMENT POLICIES AND PRACTICES

The Board of Directors has the responsibility of ensuring the maintenance of a sound system of internal control and risk management and discharges this responsibility through its Risk Management Committee. In compliance with the

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

requirements of the Securities and Exchange Commission Code of Corporate Governance 2011, Management provided assurance to the Board during the financial year that the risk management control and compliance systems in the Company are operating efficiently and effectively.

Specifically, our risk management objectives are to:

- demonstrate good corporate governance by managing our risks effectively.
- prioritize risks appropriately and take risks with commensurate return in line with our risk culture and appetite.
- avoid damage to our reputation, brands and our economic profit.
- Identify and maximize the benefit from new opportunities, challenges and initiatives.

The Company has a risk management framework in place which is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market, technology and compliance risks.

COMMUNICATION POLICY

In Compliance with Section 35 of the Securities and Exchange Commission's Code of Corporate Governance for Public Companies, the Company has in place a Communications Policy which seeks to provide clear, efficient and easy to use channels of communication between the Company, the Board, Management team, employees and the Company's shareholders, stakeholders and the general public.

The Company is committed to managing an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of the Company is in line with management's understanding of the actual situation.

The guiding principles of this policy, as it relates to shareholders, are that the Company gives equal treatment to shareholders in equal situations; that any price sensitive information is published in a timely fashion; and that information is provided in a format that is as full, simple, readable, understandable, transparent and consistent as possible.

The Company has an established website and investor–relations portal where the Company's Annual Reports and other relevant information about the Company is published and made accessible to the public.

CONFLICT OF INTEREST POLICY

In compliance with Section 13 of The Securities and Exchange Commission's Code of Corporate Governance for Public Companies, the Company has a Conflict of Interest Policy that ensures transparency and seeks to protect the interest of the Company and its shareholders. This Policy provides guidance in identifying and handling potential and actual conflicts of interest involving the interests of the Board, its individual directors and the Company regarding any matter that may come before the Board or any of its committees.

COMPLAINTS MANAGEMENT POLICY

In compliance with the Securities and Exchange Commission guideline that all Capital Market Operators must develop a complaints policy framework on how to resolve complaints arising from issues covered under the Investment and Securities Act, 2007, the Company has a Complaints Management Policy which will ensure that all complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner. A copy of this policy is made available on the Company's website at www.frigoglass.com

SECURITIES TRADING POLICY

In compliance with Rule 17.15 of the Nigerian Stock Exchange Amended Rules, the Company has a Securities Trading Policy

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

in place which serves to guide its Directors, Management, Officers and related persons in dealing with its shares. A copy of the Policy has been distributed to all employees and is available on the Company's website at www. frigoglass.com.

FINANCIAL REPORTING AND INTERNAL CONTROL

The Company produces a detailed Annual Report and Financial Statements, which provides insight about the business and its financial results, according to relevant international and local standards and regulations. The Annual Report is sent to every shareholder ahead of the Annual General meeting. The Company publishes full and half year results as required by the Investment and Securities Act 2007. The results are published in two national dailies with wide circulation. All the financial information released for public consumption is approved by the Board. The share price sensitive information is disseminated simultaneously to all shareholders without giving any preferential treatment to anyone.

The Company has implemented adequate internal control procedures which include an independent audit function reporting to the audit committee. The internal audit function assists the directors and management to maintain effective controls through periodic evaluation to determine the effectiveness and efficiency of the company's internal control systems and make recommendations for enhancement or improvement.

The Directors having gone through the reports of the Audit Committee are satisfied with the adequacy and effectiveness of the internal control framework of the Company.

PRINTED MATERIAL

The Company produces a detailed Annual Report and Financial Statements, which provides insight about the business and its financial results, according to relevant international and local standards and regulations. In addition, the Company publishes full year and half year results.

WHISTLE BLOWING POLICY

The Company has put in place a Whistle Blowing Policy which is called "Speak-Up Policy" and well known to all stakeholders. The Policy has a dedicated "hot-line" and email system which can be used discretely to report unethical practices.

SUSTAINABILITY ISSUES

In compliance with Section 28.3 (a-i) of the Securities and Exchange Commission's Code of Corporate Governance for Public Companies, the Company ensures compliance with Sustainability Issues.

Our commitment to sustainability is shown in the continually set high standards of safety at the work place, improved working conditions and health and wellness of our employees.

In addition, the Company frowns at corruption and unethical practice and encourages its employees, contractors and business partners to always ensure the highest standards of integrity and compliance with all relevant laws.

As a Company, we firmly believe that we have an important role to play in creating a thriving society in Nigeria. We remain committed to deliver on social investments that impact lives in our various host communities across the country. We also implement measures that help us reduce the impact our operations have on the environment. Furthermore, we create significant value directly in these communities through our daily operations by providing jobs, engaging services, and sourcing materials from suppliers, and paying local levies.

Health and Safety: Health and Safety holds significant importance among all operational activities and the Company is committed to a Health and Safety system that promotes a safe working environment for all employees, contractors, customers and visitors to our plants.

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

The Company is also committed to its wellness and health programmes for the prevention, protection, voluntary counseling and support of employees and their families with serious diseases including but not limited to HIV/AIDS, Malaria and Tuberculosis.

Employment and Employees: It is our policy to equip all employees with the skills and knowledge required for successful performance of their jobs. This entails identifying the training needs of our employees and prioritizing implementation of plans to address such needs consistent with the requirements of the business today and in the future.

The Company is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but driven by a deep conviction that even in disability, there could be immense ability.

Our resourcing and promotion policy ensures equity and is free from discriminatory bias of gender, ethnic origin, age, marital status, sexual orientation, disability, religion and other diversity issues. This is role modelled throughout our end to end employee life cycle process.

Code of Business Conduct and Ethics: Beta Glass PLC is a member of Frigoglass SAIC and follows the Code of Business Conduct (CoBC) for Frigoglass group companies. The CoBC constitutes an integral part of responsible corporate governance to which the Frigoglass Group including Beta Glass Plc has committed itself. The CoBC can be accessed at https://www.frigoglass.com/corporate-governance/ and provides guidance on achieving corporate objectives through operating with honesty, fairness and integrity. The CoBC contains the following amongst others:

- Corporate values
- Compliance with laws and regulations
- Commitment to and expectations of our employees
- Our responsibilities to customers, suppliers and markets
- Our commitment to shareholders
- Our responsibilities to the public

The Code of Business Conduct also covers key policies that govern our conduct in all facets of the Company's operations such as policies on Anti-Corruption, Anti-Money Laundering, Competition and Anti-Trust.

The CoBC is subscribed to by all members of the Board of Directors, Managers and all Employees of the Company. The Company mandates strict adherence to the Code in the Company's day to day operations.

Anti-Corruption and Bribery Policy: The Company recognizes corruption as a major threat to the business and to national development. The Company and the Board has committed themselves to transparent dealings and the establishment of a culture of integrity and zero tolerance of corruption and corrupt practices. The Company therefore has in place an Anti-Corruption and Bribery Policy which seeks to reiterate the Company's dedication to the compliance and enforcement of anti-bribery and corruption regulations and policies.

SUBSTANTIAL INTEREST IN SHARES

According to the register of members the following organizations held more than 5% of the issued share capital of the Company as at 31 December 2018.

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

	2018		2017	
	Number of Shares	%	Number of Shares	%
Frigoglass Industries Nigeria Limited	309,391,133	61.88	309,391,133	61.88
Frigoinvest Holdings BV	40,833,131	8.17	40,833,131	8.17
Stanbic IBTC Nominees Nigeria Limited	28,518,616	5.70	39,467,716	7.89

ANALYSIS OF SHAREHOLDING

The issued and fully paid-up share capital of the Company is N249,986,000 divided into 499,972,000 ordinary shares of 50k each. The shareholding range analysis as at reporting date is as shown below;

		31 December 2018			
Beginning range	**Ending range**	**No. of Holders**	**%**	**Units**	**%**
1	5,000	4,632	78.90	5,834,694	1.17
5,001	10,000	526	8.95	3,556,150	0.71
10,001	50,000	529	9.01	10,309,566	2.06
50,001	100,000	80	1.36	5,877,969	1.18
100,001	500,000	82	1.40	16,222,736	3.24
500,001	1,000,000	4	0.07	2,691,607	0.54
1,000,001	and above	18	0.31	455,479,278	91.10
		5,871	**100.00**	**499,972,000**	**100.00**

SHARE CAPITAL HISTORY

The issued and fully paid up share capital of the Company as at December 31, 2018 was N249, 986, 000.
The share capital had been progressively increased over the years as follows:

Date	Authorised Share Capital Increased		Issued and Fully Paid Up Share Capital Increase		Consideration
	From N	To N	From N	To N	
Nov 20, 1974	3, 000, 000	3, 000, 000	Cash	-	
Dec 13, 1974	3, 000, 000	5, 000, 000	3, 000, 000	5, 000, 000	Cash
Nov 25, 1975	5, 000, 000	6, 000, 000	5, 000, 000	6, 000, 000	Cash
Jul 23, 1977	6, 000, 000	6, 625, 000	6, 000, 000	6, 625, 000	Cash
Oct 2, 1980	6, 625, 000	14, 625, 000	6, 625, 000	14, 625, 000	Cash
Apr 19, 1984	14, 625, 000	20, 625, 000	14, 625, 000	20, 625, 000	Cash
Feb 23, 1990	20, 625, 000	35, 625, 000	20, 625, 000	34, 972, 250	Cash
May 24, 1994	35, 625, 000	80, 625, 000	34, 972, 250	79, 972, 250	Cash (Right Issue 3:2)
Sep 29, 1994	80, 625, 000	155, 625, 000	79, 972, 250	104, 972, 250	Bonus Issue 1 : 3
Sep 2, 1996	155, 625, 000	155, 625, 000	104, 972, 250	100, 000, 000	Pref Share Redemption
March 2, 1998	155, 625, 000	155, 625, 000	100, 000, 000	125, 000, 000	Bonus Issue 1 : 4
Jul 20, 1999	155, 625, 000	250, 000, 000	125, 000, 000	206, 600, 000	Merger of Delta & Guinea Glass
Feb 15, 2001	250, 000, 000	250, 000, 000	206, 600, 000	227, 260, 000	Bonus Issue 1 : 10
Apr 24, 2008	250, 000, 000	300, 000, 000	227, 260, 000	249, 986, 000	Bonus Issue 1 : 10

Corporate Governance Report (Cont'd)
for the year ended 31 December 2018

STATEMENT OF COMPLIANCE

The Board after a careful review of the provisions of the Securities and Exchange Commission's Code of Corporate Governance with the assistance of the Company Secretary confirms that the Company's corporate governance practices and structure are in compliance with the provisions of the Code.

EVENTS AFTER REPORTING DATE

The Company is aware of The Nigerian Code of Corporate Governance 2018 issued by the Financial Reporting Council of Nigeria (the "FRCN") pursuant to Sections 11(c) and 41(c) of the FRCN Act, 2011. The Nigerian Code of Corporate Governance 2018 took effect on 15th January, 2019 and the Company will commence reporting on the application of the said code in the financial year ending December 31, 2020.

Circular to Shareholders

CIRCULAR TO SHAREHOLDERS SEEKING A GENERAL MANDATE AUTHORIZING TRANSACTIONS WITH RELATED PARTIES OF VALUE UP TO AND MORE THAN 5% OF BETA GLASS PLC NET TANGIBLE ASSETS.

In accordance with Paragraph 6.0 of the Nigerian Stock Exchange Rules Governing Transactions with Related Parties or Interested Persons, Beta Glass Plc., hereby seeks a general mandate from shareholders in general meeting, authorizing the company to enter into recurrent transactions necessary for its day to day operations such as the purchase and sale of supplies and materials and procurement of goods and services, with its related parties up to transactions of a value equal to or more than 5% of Beta Glass Plc's net tangible assets.

The following information is hereby provided in respect of the transactions for which the general mandate is sought:

i. Class of interested persons with which the entity at risk will be transacting:
   a. Frigoglass Industries Nigeria Limited (FINL), the parent company;
   b. Nigeria Bottling Company Limited (NBC), an indirect shareholder;
   c. Frigoglass Global Limited (FGL), an affiliate;
   d. Frigoglass West Africa Limited (FWAL), common shareholders with the parent company; and
   e. A.G. Leventis Plc- Common directorship.

ii. Nature of transactions contemplated under the mandate:
   a. Receipt of technical services from FGL;
   b. Manufacture and sales of glass bottles to NBC;
   c. Loans and deposits between BG and FINL;
   d. Loans and deposits between BG and FWAL; and
   e. Receipt of haulage and secretariat services.

iii. Rationale for, and benefit to the entity:
   a. Technological know-how in the design and manufacturing of glass tank (furnace), manufacture of bottles, annealed tableware and other glassware;
   b. Significant contribution to the Company's revenue;
   c. Greater negotiating power with banks and ability to negotiate more favorable deposit/ funding facility rates; and
   d. Good fleet of truck for haulage and professional secretariat services

iv. Methods or procedures for determining transaction prices:
   a. Comparable uncontrolled price method;
   b. Cost plus method; and
   c. Transactional net margin method.

v. We have received Independent financial advisers' opinion which confirmed that our transfer pricing methods or procedures are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of Beta Glass Plc. and its minority shareholders.

vi. Beta Glass Plc, shall obtain a fresh mandate from the shareholders if the transfer pricing methods or procedures become inappropriate and;

vii. FINL and BG through their representative and any common Directors with the remaining mentioned related parties shall abstain from voting on the Resolution approving the General mandate.

In accordance with Paragraph 6.2 of the Nigerian Stock Exchange Rules Governing Transactions with Related Parties or Interested Persons, Beta Glass hereby disclose, in Note 29 (cii) of the 2018 Financial Statements, the nature and aggregate value of transactions with Related Parties.

Dated this 21st day of March, 2019
By Order of the Board

BOLA ADEBISI
Company Secretary
FRC/2013/NBA/00000002344

Compliance Certificate on the Company's Audited Financial Statements
for the year ended 31 December 2018

We hereby certify that:

a) We the undersigned have reviewed the Annual report, audited financial statements of Beta Glass Plc ("the Company) for the year ended 31 December 2018 and other national disclosures.

b) Based on our knowledge as officers of the Company, the Annual report, audited financial statements and other national disclosures do not contain:

   i. any untrue statement of a material fact, or
   ii. omit to state a material fact, which would make the statement misleading in the light of the circumstances under which the statement was made;

c) Based on our knowledge, the financial statements and other financial information included in the annual report fairly represent in all material respect, the financial conditions and results of operations of the Company as of, and for the period presented in the report.

d) We, the undersigned:

   i. are responsible for establishing and maintaining controls;
   ii. have designed such internal controls to ensure that material information relating to the Company is made known to us by others within those entities particularly during the period in which the periodic reports are being prepared;
   iii. have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
   iv. have presented in the report our conclusions about the effectiveness of their internal controls based on their evaluation as of that date.

e) We have disclosed to the external auditors of the Company and the audit committee:

   i. all significant deficiencies in the design or operation of the internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's Auditors any material weakness in internal controls, and

   ii. any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.

f) We have identified in the report whether or not there were significant changes in internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

Mr. Darren Bennett-Voci
Managing Director
21 March 2019
FRC/2016/IODN/00000015783

Mr. Dhanikonda Shanker
Chief Financial Officer
21 March 2019
FRC/2013/ANAN/00000002336

Statement of Directors' Responsibilities
for the year ended 31 December 2018

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 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. This 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, CAP C20, Laws of the Federation of Nigeria 2004;

b. designing, implementing 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 issued by the International Accounting Standards Board, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004

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 for the year ended 31 December 2018. 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.

Otunba Abimbola Ogunbanjo
Chairman
21 March 2019
FRC/2013/NBA/00000004358

Mr. Darren Bennett-Voci
Managing Director
21 March 2019
FRC/2016/IODN/00000015783

Audit Committee's Report
for the year ended 31 December 2018

In accordance with Section 359(6) of the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011, we have reviewed:

1) the scope and planning of the audit requirement;

2) the External Auditors' Management letter for the year ended December 31, 2018 as well as the management's responses thereon; and

3) ascertained that the accounting and reporting policies of the Company for the year ended December 31, 2018 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended December 31, 2018 together with the audited accounts were satisfactory. We were satisfied with Management's responses to the Auditors findings.

Professor C. A. Osuntogun, OFR
Chairman of the Audit Committee
FRC/2019/CDIR/00000019269

Dated this 19th day of March, 2019

Members of the Audit Committee

Professor C. A. Osuntogun, OFR	-	Chairman
Ms. Oluwaseun Abimisola Oni	-	Member
Dr. Zulika Wuraola Abiola	-	Member
Ms. Olufunmilola Adefope	-	Member
Chief Simeon A. Odubiyi	-	Member
Chief Robert I Igwe	-	Member

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Independent Auditors' Report
to the members of Beta Glass Plc
Report on the audit of the financial statements

Opinion

We have audited the financial statements of Beta Glass Plc which comprise the statement of financial position as at 31 December 2018, 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 Beta Glass Plc as at 31 December 2018, 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 Beta Glass 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 Beta Glass 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

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Independent Auditors' Report
to the members of Beta Glass Plc
Report on the audit of the financial statements (Cont'd)

Key audit matters	How the matter was addressed in the audit
Export Expansion Grant Receivables (EEG Receivables) and utilised Negotiable Duty Credit Certificates (Unutilised NDDC) The company has Export Expansion Grant (EEG) receivable of N1.74billion and unutilised Negotiable Duty Credit Certificates (NDCC) of N1.02 billion as at 31 December 2018. EEG receivable is recognised based on export sales as soon as the related export proceeds are repatriated into the country within 300 days of the sales. Unutilised NDCC is recognised when certificates are issued to the Company by the Nigerian Export Promotion (NEPC) for settlement of EEG receivable. EEG receivable and unutilised NDCC are key audit matters due to the judgement applied by management in the application of the Scheme and the significance of the amount involved. The significant judgment by Management was further evidence by the inability of the beneficiaries to either receive fresh NDCC or use the NDCC for the settlement of import duties and levies in lieu of cash. Management is convinced that both the EEG receivable and the unutilised NDCC are recoverable because they are sovereign debt. This is further buttressed by NEPC circular requesting the exporters to submit EEG baseline data and subsequent to the approval of the baseline data, exporters are also required to submit outstanding EEG claims for which the Company has complied.	We obtained an understanding of the Company's accounting policy for recognition of the EEG receivables and unutilised NDCC and evaluate for consistency with the requirements of International Accounting Standard (IAS 20) - Government grant and the Nigerian Export Promotion Council (NEPC) Act. We tested the recognition of the EEG Receivables and unutilised NDCC for compliance with the Company's accounting policy. In particular, we tested all EEG receivables recognised by assessing documentation that supports the repatriation of export proceeds within 300 days of sale. We reviewed the baseline data submitted by the Company in compliance with the NEPC circular issued on 20 March 2017 requesting exporters to submit their baseline data for EEG claims. We also reviewed the adjustments made to write down the value of the receivables.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Compliance Certificate, Audit Committee's Report, Statement of Director's Responsibilities and Other National Disclosures (Value Added statement and Five-Year Financial Summary) as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and Corporate Governance Report as required by Security and Exchange Commission. The other information does not include the financial statements and our auditors' report thereon.

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Independent Auditors' Report
to the members of Beta Glass Plc
Report on the audit of the financial statements (Cont'd)

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.

Responsibilities of the Directorsfor 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. 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.

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Independent Auditors' Report
to the members of Beta Glass Plc
Report on the audit of the financial statements (Cont'd)

- 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.

Omolola Alebiosu
FRC/2012/ICAN/00000000145
For: Ernst & Young
Chartered Accountants
Lagos, Nigeria

29 March 2019

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2018

	Notes	31 December 2018 N'000	31 December 2017 N'000
Revenue from contract with customers	6	26,321,014	22,186,258
Cost of sales	7.1	(19,940,375)	(16,938,395)
Gross profit		**6,380,639**	**5,247,863**
Selling and distribution expenses	7.3	(81,161)	(97,792)
Administrative expenses	7.2	(1,245,189)	(1,393,130)
Other income	8	839,368	617,896
Operating profit		**5,893,657**	**4,374,837**
Foreign exchange gain	9	132,727	344,119
Finance income	10	1,405,030	1,262,045
Finance cost	10	(243,233)	(126,261)
Finance income - net	10	1,161,797	1,135,784
Profit before taxation		**7,188,181**	**5,854,740**
Income tax expense	11	(2,135,376)	(1,739,598)
Profit for the year		**5,052,805**	**4,115,142**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement gain on employee benefit obligation	20	-	64,259
Deferred tax expenses on remeasurement gain on employee benefit obligation	21	-	(19,278)
Other comprehensive income for the year-net of tax		-	44,981
Total comprehensive income for the year		5,052,805	4,160,123
Earnings per share (EPS)			
Basic and diluted EPS (Naira)	12	10.11	8.23

The notes on pages 46 to 91 are an integral part of these audited financial statements.

Statement of Financial Position
for the year ended 31 December 2018

	Notes	31 December 2018 N'000	31 December 2017 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	17,518,004	11,867,361
Intangible assets	15	10,795	10,086
		17,528,799	11,877,447
Current assets			
Inventories	16	6,239,740	5,025,216
Trade and other receivables	17	13,438,292	14,377,983
Cash in hand and at bank	18	8,872,798	6,930,967
		28,550,830	26,334,166
Total assets		46,079,629	38,211,613
Liabilities			
Non-current liabilities			
Employee benefit obligation	20	-	2,674,723
Deferred tax liabilities	21	2,728,744	1,348,823
		2,728,744	4,023,546
Current liabilities			
Borrowings	19	1,098,584	762,862
Trade and other payables	22	11,598,037	5,282,430
Current income tax liabilities	23	964,137	2,940,618
Dividend payable	24	62,554	57,043
		13,723,312	9,042,953
Total liabilities		16,452,056	13,066,499
Equity			
Issued share capital	25	249,986	249,986
Share premium	25.2	312,847	312,847
Other reserves	26	2,429,942	2,429,942
Retained earnings	27	26,634,798	22,152,339
Total equity		29,627,573	25,145,114
Total equity and liabilities		46,079,629	38,211,613

The notes on pages 46 to 91 are an integral part of these audited financial statements.

The audited financial statements on pages 41 to 91 were approved and authorised for issue by the Board of Directors on 21 March 2019 and were signed on its behalf by:

Otunba Abimbola Ogunbanjo
Chairman
FRC/2013/NBA/0000004358

Mr. Shanker Dhanikonda
Chief Financial Officer
FRC/2013/ANAN/00000002336

Mr. Darren Bennett-Voci
Managing Director
FRC/2016/IODN/00000015783

Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital N'000	Share premium N'000	Other reserves N'000	Retained earnings N'000	Total N'000
At 1 January 2017	249,986	312,847	2,429,942	18,482,189	21,474,964
Profit for the year	-	-	-	4,115,142	4,115,142
Other comprehensive income for the year - net of tax	-	-	-	44,981	44,981
Total comprehensive income for the year - net of tax	-	-	-	4,160,123	4,160,123
Transaction with owners:					
Dividend paid (Note 24)	-	-	-	(489,973)	(489,973)
Total transaction with owners	-	-	-	(489,973)	(489,973)
At 31 December 2017	**249,986**	**312,847**	**2,429,942**	**22,152,339**	**25,145,114**
At 1 January 2018	249,986	312,847	2,429,942	22,152,339	25,145,114
Effect of Changes in new accounting standards (Note 27.1)	-	-	-	(35,516)	(35,516)
At 1 January 2018- Restated	249,986	312,847	2,429,942	22,116,823	25,109,598
Profit for the year	-	-	-	5,052,805	5,052,805
Other comprehensive income for the year - net of tax	-	-	-	-	-
Total comprehensive income for the year - net of tax	-	-	-	5,052,805	5,052,805
Transaction with owners:					
Dividend paid (Note 24)	-	-	-	(534,970)	(534,970)
Statute barred dividend returned (Note 27)	-	-	-	140	140
Total transaction with owners	-	-	-	(534,830)	(534,830)
At 31 December 2018	**249,986**	**312,847**	**2,429,942**	**26,634,798**	**29,627,573**

The notes on pages 46 to 91 are an integral part of these audited financial statements.

Statement of Cash Flows
for the year ended 31 December 2018

	Notes	31 December 2018 N'000	31 December 2017 N'000
Cash flows from operating activities			
Cash generated from operations	28	14,069,520	2,456,583
Tax paid		(2,715,220)	(1,209,413)
Employee benefits paid	20.2	(2,739,354)	(170,626)
Net cash generated from operating activities		**8,614,946**	**1,076,544**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(7,904,671)	(3,569,876)
Proceeds from disposal of property, plant and equipment		14,989	91,244
Purchase of intangible assets	15	(3,077)	-
Interest received	10.1	1,405,030	1,262,045
Net cash used in investing activities		**(6,487,729)**	**(2,216,587)**
Cash flows from financing activities			
Proceeds from short term borrowings	19	1,098,584	762,862
Repayment of term borrowing	19	(762,862)	(181,018)
Interest paid	10.2	(243,233)	(126,261)
Dividend paid	24	(534,970)	(489,973)
Statute barred dividend returned	27	140	-
Non-statute barred dividend returned	24	5,511	11,857
Net cash used in financing activities		**(436,830)**	**(22,533)**
Net increase /(decrease) in cash and cash equivalents		1,690,387	(1,162,574)
Effect of exchange rate changes on cash and cash equivalents		251,444	38,883
Cash and cash equivalents at 1 January	18	6,930,967	8,054,658
Cash and cash equivalents at 31 December	**18**	**8,872,798**	**6,930,967**

The notes on pages 46 to 91 are an integral part of these financial statements.


BETA GLASS PLC
DELTA PLANT
RC: 13215
FRIGOGLASS

Notes to the Audited Financial Statements

1. General information

Beta Glass Plc (the Company) manufactures, distributes and sells glass bottles and containers for the leading soft drinks, breweries, wine and spirit, pharmaceutical and cosmetics companies. The company has manufacturing plants in Agbara Ogun State and in Ughelli Delta State. Beta Glass Plc exports to five countries namely: Cameroun, Ghana, Liberia, Sierra-leone and Guinea.

The company is a public limited company, which is listed on the Nigerian Stock Exchange and incorporated and domiciled in Nigeria. The address of its registered office is Iddo House, Iddo, Lagos State, Nigeria. P. O. Box 159.

Beta Glass Plc is a subsidiary of Frigoglass Industries Nigeria Limited (the parent company) which holds 61.9% of the ordinary shares of the Company. The ultimate controlling party is Frigoglass S.A.I.C, Athens.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements are the stand alone financial statements of the Company.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including International Accounting Standards (IAS) issued by International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in accordance with requirements of Financial Reporting Council of Nigeria (FRCN) Act No 6, 2011 and provisions of Companies and Allied Matters Act (CAMA), CAP C20, Laws of the Federation of Nigeria 2004.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Directors believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the audited financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 21 March 2019.

The financial statements have been prepared using a rounding level of N1000.

2.1.1 Going concern

The company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements is continue to be prepared on the going concern basis.

2.1.2 Changes in accounting policy and disclosure

(a) New standards, amendments and interpretations adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2018. The nature and effect of changes as a result of adoption of these new standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the Company' financial statements. The company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

Notes to the Audited Financial Statements *(cont'd)*

(i) IFRS 9 Financial Instruments

IFRS 9 Financial instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity. The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

	Adjustment	01 January 2018 N,000
Asset		
Trade receivable	(b)	(7,129)
Staff receivable	(b)	(5,379)
Related party receivables	(b)	(39,724)
Total Asset		**(52,232)**
Liabilities		
Deferred Tax liabilities	(c)	(16,716)
Total Liabilities		**(16,716)**
Adjustment on Equity		
Retained Earnings	(a), (b), (c)	(35,516)

The nature of adjustment are described below:

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment of the Company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Company. The company continued measuring at fair value all financial assets previously held at fair value under IAS 39. Trade receivables, Advances to staff and loan to related parties as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 January 2018.

		IFRS 9 measurement category		
		Fair value through profit or loss	Amoritsed cost	Fair value through OCI
IAS 39 measurement category	**N'000**	**N'000**	**N'000**	**N'000**
Loans and receivables				
Trade receivables*	3,162,845		3,155,717	
Advance to staff*	119,189		113,809	
Receivables from related parties*	4,146,691		4,106,967	

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

Notes to the Audited Financial Statements *(cont'd)*

(b) Impairment of financial asset
The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, the Company recognised additional impairment on the Company's Trade receivables, Staff loan and receivables from related parties of N7,129,000, N5,379,000 and N39,724,000, respectively, which resulted in a decrease in Retained earnings of N52,232,000 as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
	N'000	**N'000**	**N'000**
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9	17,672	52,232	69,904

(c) Other adjustments
In addition to the adjustments described above, other item such as deferred tax was adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2018.

(ii) IFRS 15 Revenue from Contracts with Customers
The IASB has issued a new standard for the recognition of revenue. This replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Presentation of contract assets and contract liabilities in the Statement of Financial Position – IFRS 15 requires separate presentation of contract assets and contract liabilities in the Statement of Financial Position.

IFRS 15 was adopted for the first time in 2018 using modified retrospective method of adoption with the date of initial application of 1 January 2018. The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

There is no material quantitative changes based on the adoption of IFRS 15 to the Company's revenue but the qualitative disclosures have been updated in line with application of IFRS 15.

(b) New standards, amendments and interpretations not yet effective for adoption

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and beyond, and have not been applied in preparing these financial statements. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The new and amended 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.

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

Notes to the Audited Financial Statements *(cont'd)*

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 re-measurement 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, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.
The company has short term lease of 12 months or less and will apply the exemption as provided by the standard.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

1. Whether an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. Since the Company operates in a complex multinational tax environment, applying the Interpretation may affect its financial statements. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the Company's financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)
IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Company's current practice is in line with these amendments, the Company do not expect any effect on its financial statements.

IAS 23 Borrowing Costs:
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a

Notes to the Audited Financial Statements *(cont'd)*

qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The company currently has no borrowing made to develop a qualifying asset.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company in the current or future reporting period and on foreseeable future transactions.

2.2 Segment reporting

Operating segment 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 segment, has been identified as the Board of Directors of Beta Glass Plc.

2.3 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of Beta Glass PLC is the Nigerian naira (N).

(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 foreign currency transactions and from the translation at the reporting date at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the foreign exchange gain or loss in the profit or loss.

Foreign exchange gain and losses are presented in the statement of profit or loss as foreign exchanges gain or loss.

2.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. All other repairs and maintenance costs including costs of property, plant and equipment below N50,000 are charged to profit or loss during the financial period in which they are incurred.

Property, Plant and Equipment under construction are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Land	Nil
Building	3
Plant and machinery:	
- Factory equipment and tools	10
- Quarry equipment and machinery	20
- Glass moulds	50
- Other plant and machinery	10
Furnaces	14
Motor vehicles	20
Furniture, Fittings and equipment:	
- Office and house equipment	15
- Household furniture and fittings	20
- Computer equipment	25

Notes to the Audited Financial Statements *(cont'd)*

The assets' residual values and useful lives and method of depreciation are reviewed and adjusted if appropriate, at the end of each reporting date.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss and other comprehensive income when the asset is derecognized.

Impairment of Property, Plant and Equipment
In the case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as expense in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by the difference between the sales proceeds and the carrying amount of the asset. These gains and losses are included in profit or loss.

Interest costs on borrowings specifically used to finance the acquisition of property, plant and equipment are capitalized during the period of time required to prepare and complete the asset for its intended use. Other borrowing costs are recorded in the profit or loss as expenses. There have been no qualifying assets in both periods presented in the financial statements. There are few assets of Property, Plant and Equipment with nil value but still being used.

2.5 Intangible assets

Computer software

Capitalized software licenses are acquired and carried at acquisition cost less accumulated amortization, less any accumulated impairment. They are amortized using the straight-line method over five (5) years. Computer software maintenance costs are recognized as expenses in the profit or loss as incurred.

Costs associated with maintaining computer software programmes are recognised as an expense incurred.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life not subject to amortisation are tested annually for impairment. Assets that are subject to 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Financial instruments

2.7.1 Initial recognition and subsequent measurement - Policy prior to adoption of IFRS 9

Financial assets are recognized when the company becomes a party to the contractual provisions of the instrument.

2.7.1.1 Classification

Management determines the classification of its financial assets at initial recognition.

The company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Notes to the Audited Financial Statements *(cont'd)*

The Company did not own any financial assets that can be classified as fair value through profit or loss or available-for-sale financial assets during the periods presented in these financial statements.

2.7.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

2.7.1.3 Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently they are carried at amortised cost using the effective interest method.

2.7.1.4 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. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of an event that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing financial difficulty, default in interest or principal payments, or the probability that they will enter bankruptcy and where there is an indication of a decrease in the estimated future cash flows.

For loans and receivables, the amount of the loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows. The carrying amount is reduced and the loss is recognised in profit or loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.7.1.5 Financial liabilities

Financial liabilities are at amortized cost. This include trade and other payables and bank overdrafts.

2.7.1.6 Recognition and measurement

Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Bank debts are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

2.7.1.7 Derecognition of financial instruments

Financial assets and liabilities are derecognised when the rights to receive cash flows from the investments or settle obligations have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.7.1.8 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Notes to the Audited Financial Statements *(cont'd)*

2.7.2 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.7.2.1 Financial assets

Initial recognition, classification and measurement – Policy subsequent to 1 January 2018

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified at initial recognition as, amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2.7.2.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a. Financial assets at amortised cost (debt instruments)
b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
c. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d. Financial assets at fair value through profit or loss

The company's financial assets includes financial assets at amortised cost.

2.7.2.3 Financial assets at amortised cost (debt instruments)

The company measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade receivables, staff loan and receivables from related

Notes to the Audited Financial Statements *(cont'd)*

parties. The company did not own any financial assets that can be classified as fair value through profit or loss or held for trading financial assets during the periods presented in these financial statements.

2.7.2.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

(a) The rights to receive cash flows from the asset have expired OR

(b) 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 material delay to a third party under a 'pass-through' arrangement and either

(c) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained 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. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.7.2.5 Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon.
EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.
LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive,

Notes to the Audited Financial Statements *(cont'd)*

including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil price
- Exchange rate
- Inflation rate

2.7.2.6 Write-offs

The company's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

2.8 Financial liabilities

Financial liabilities are at amortized cost. This include trade and other payables and bank overdrafts.

Recognition and measurement
Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Loan and borrowings are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

2.8.1 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 profit or loss.

2.9 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.10 Inventories

Inventories are recorded at the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition. The cost of engineering spares and raw materials is determined using the weighted average method.

Notes to the Audited Financial Statements *(cont'd)*

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.11 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment for trade receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. Trade receivable is impaired using a provision matrix to calculate Expected Credit Loss (ECL). The company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in profit or loss.

2.12 Cash and cash equivalents

Cash in hand and at bank include cash at hand and deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position while Bank overdraft is included in Cash and Cash equivalents on the Statement of Cash flow.

2.13 Borrowings

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

Borrowing cost
General and specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

No borrowing costs were capitalised in 2018 (2017: Nil) as there were no qualifying assets.

2.14 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 within one year or less. Otherwise, they are classified as non-current liabilities.

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

2.15.1 Current income tax

The tax for the period comprises current, education and deferred tax. Tax is recognised in profit or loss, 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 currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss 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.

2.15.2 Deferred tax

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

Notes to the Audited Financial Statements *(cont'd)*

accounted for using the 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 expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or 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 current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

2.16 Employee benefit obligation

The company operates both the defined benefit (gratuity) and defined contribution pension plans for its employees.

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.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Federal Government of Nigeria bonds.
The current service cost of the defined benefit gratuity plan is recognised in the profit or loss under employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in profit or loss.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

However, following various discussions with the Employee Unions on managing the Gratuity Scheme, the Company entered into an Agreement with the Unions. The Agreement with the Unions confirmed that the Gratuity Scheme will be discontinued with effect from 31.12.2018, and all outstanding liabilities per employee as of 31.12.2018 will be settled in the month of December 2018.

As at 31 December 2018, all employee benefit obligation under the Defined Benefit (gratuity) scheme were fully settled and effective from 1 January 2019, the gratuity scheme has been completely discontinued.

Notes to the Audited Financial Statements *(cont'd)*

2.17 Export expansion grant

Export expansion grants (EEG) from the government are recognized at fair value when there is a reasonable assurance that the grant will be received and the Company has complied with all attached conditions.

The following conditions must be met by the Company in order to receive the EEG:

- The Company must be registered with the Nigerian Export promotion Council (NEPC)
- The Company must have a minimum annual export turnover of N5 million and evidence of repatriation of proceeds of exports.
- The Company shall submit its baseline data which includes audited Financial Statement and information on operational capacity to NEPC.
- An eligible company shall be a manufacturer, producer or merchant of products of Nigerian origin for the export market (i.e. the products must be made in Nigeria).
- Qualifying export transaction must have the proceeds fully repatriated within 300 days, calculated from the dateof export and as approved by the EEG Implementation Committee.

2.18 Revenue recognition from Contract with customers

The company is in the business of manufacturing and sales of glassware and glass bottles for soft drink, breweries, Pharmaceutical, cosmetic etc.
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods supplied stated net of discounts, returns and value added taxes. Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has identified a sales contract with a customer;
- the performance obligations within this contract has been identified
- the transactions price has been determined;
- this transaction price has been allocated to the performance obligations in the contract; and
- revenue is recognised as or when each performance obligation is satisfied

The sale of bottles is based on Ex-works prices agreed with the customers. Haulage services are provided to the Customers through third party service providers as an option. The sale of bottles and haulage services for delivery of bottles are distinct and have no bearing on each other, and are negotiated separately. Further, the consideration to be paid in one contract does not depend on the price or performance of other contract. Goods or services promised in the separate contracts are not a single performance obligation. There are no other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

The company performs an obligation once the products or goods are transferred to the customer that is ownership, legal title, physical possession, significant control related to the products has been transferred to the customer and the customer has accepted the products.

The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of bottles, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The consideration to be received is stated in the contract i.e. invoice as the contract price which is agreed, accepted and

Notes to the Audited Financial Statements *(cont'd)*

signed by the customer. Revenue comprises the fair value for sales of goods and services net of value-added tax, rebates and discounts. Rebates constitutes a variable consideration and are allocated to a single performance obligation affected.

The transaction price as stated in the invoice relates to the performance of obligation by the entity when the goods have been delivered to the customers.

Revenue from the sales of goods is recognised when the significant ownership and controls of the goods are transferred to the buyer. Where goods are picked up by customers, risk is transferred immediately. Where goods are delivered, revenue is recognised when ordered by the customer is delivered to the customers with the evidence of the delivery note acknowledged/signed by the customers.

Variable consideration
Rebates constitute a variable consideration and are allocated to a single performance obligation affected.

Significant financing component
For bottle sales transactions, the receipt of the consideration by the Company does not match the timing of the delivery of bottles to the customer (e.g., the consideration is paid after the bottles has been delivered). Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Consideration payable to a customer
No consideration is payable to customer in respect of sales of glass bottles.

Contract balances
Contract assets: No contract asset as all sales are unconditional.

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.19 Provisions

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

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3.0 Financial instrument risk management

The company's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk. The objective of the Company's risk management programme is to minimise potential adverse impacts on the Company's financial performance.

Risk management is carried out in line with policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management

Notes to the Audited Financial Statements *(cont'd)*

approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is the responsibility of the Treasury Manager, which aims to effectively manage the financial risk of Beta Glass Plc, according to the policies approved by the Board of Directors. The treasury manager identifies and monitors financial risk. The board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange, interest rates and credit risks, use of financial instruments and investment of excess liquidity.

The company's financial instruments consist of trade and other receivables and trade and other payables, borrowings, cash in hand and at bank.

Risk	Exposure arising from	Measurement	Management
Market Risk-Foreign exchange	Future commercial transactions, Recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Contractual agreements on exchange rates
Market risk – Interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate negotiations
Credit risk	Cash and cash equivalents, trade receivables, and held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit. Investment guidelines for and held-to-maturity investments.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.

3.1 (a) Market risk

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, price risk such as equity price risk and commodity risk and interest rate risk. Financial instruments affected by market risk include deposits and loans and borrowings.

(I) Foreign exchange risk

The company is exposed to foreign exchange risks from some of its commercial transactions and recognised assets. The Company buys and imports some of the raw materials used for production, the payments for which are made in US Dollars. Receipts for sales of finished goods in Nigeria are in Naira whilst receipts for sales of finished goods to foreign countries are in US dollars. The Company makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US dollar.

Management's approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions.

Notes to the Audited Financial Statements *(cont'd)*

The company's exposure to US Dollar (USD) is as follows:

	2018 Euro'000	2018 USD'000	2017 USD'000
Financial assets			
Cash in hand and at bank	-	15,511	9,364
Trade receivables	-	3,447	827
	-	18,958	10,191
Financial liabilities			
Borrowings	-	3,222	2,498
Trade payables	15,612	554	4,874
Related parties payable	742	-	-
	16,355	3,776	7,372
Net amount	**(16,355)**	**15,183**	**2,819**

Effects in Naira on the Company's result:

	2018 N'000	2018 N'000	2017 N'000
	Effect on profit before tax	**Effect on profit before tax**	**Effect on profit before tax**
15 percent strengthening of the Naira to USD /Euro	951,840	(776,593)	(128,973)
15 percent weakening of the Naira to USD / Euro	(951,840)	776,593	128,973

	2018	2018	2017
Reporting date spot rate of 1 Euro or 1USD to Naira	388	341	305

The above analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period but it has no impact on equity. The analysis assumes that all other variables remain constant.

(ii) Price risk

The company is not exposed to price risk as it does not hold any equity instruments or commodity trade at active exchange market.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The company's interest rate risk arises from borrowings. Borrowings are issued at floating rates exposing the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. The company's policy on managing interest rate risk is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits. The Company had short term borrowing as at 31December 2018 and 2017 which have fixed interest rate.

Notes to the Audited Financial Statements *(cont'd)*

Interest rate sensitivity	Increase/decrease in basis point	Effect on profit before tax
2018		**N'000**
US Dollar	+1	4,013
Euro	+1	-
US Dollar	-1	(4,013)
Euro	-1	-
2017		
US Dollar	+1	319
Euro	+1	261
US Dollar	-1	(319)
Euro	-1	(261)

3.2 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

The company uses policies to ensure that sales of products are to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The continuous credit worthiness of the existing customers is monitored periodically based on history of performance of the obligations and settlement of their debt. Appropriate provision for impairment losses is made for specific credit risks. At the year end, Beta Glass Plc considered that there were no material credit risks that had not been covered by doubtful debt provisions.

No credit limits on cash amounts were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

The maximum exposure to credit risk for trade receivables approximates the amount recognized on the statement of financial position. The Company does not hold any collateral as security.

Notes to the Audited Financial Statements *(cont'd)*

The table below analyses the company's financial assets into relevant maturity groupings as at the reporting date.

31 December 2018

Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	Total N'000
Cash in hand and at bank (Note 18)	8,872,798	-	-	-	8,872,798
Trade receivables (Note 17)	3,207,582	868,718	24,005	5,067	4,105,372
Receivables from related parties (Note 17)	5,946,151	160,616	-	-	6,106,767
Staff advances (Note 17)	132,285	-	-	-	132,285
	18,158,816	**1,029,334**	**24,005**	**5,067**	**19,217,222**

31 December 2017

Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	Total N'000
Cash in hand and at bank (Note 18)	6,930,967	-	-	-	6,930,967
Trade receivables (Note 17)	3,243,344	1,516,543	90,456	8,149	4,858,492
Receivables from related parties (Note 17)	6,298,055	107,353	2,318	-	6,407,726
Staff advances (Note 17)	138,281	-	-	-	138,281
	16,610,647	**1,623,896**	**92,774**	**8,149**	**18,335,466**

Receivables from related parties and Staff advances are from counterparties with no risk of default. An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

i. Credit rating	2018 N'000	2017 N'000
B/B	23,804	23,804
AAA	8,848,984	6,907,153
Aa	10	10
	8,872,798	**6,930,967**

The credit ratings is by Fitch and Augusto rating agencies and below are the interpretations of the ratings.

B/B: The rating indicates a stable outlook in terms of financial and risk profile. Better asset quality and sound revenue generation

AAA: A financial institution of very good condition and strong capacity to meet its obligations as and when due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a slight increase in the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as at when due remain strong.

Notes to the Audited Financial Statements *(cont'd)*

In assessing the Company's internal rating process, the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Company's customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.

- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.

- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The company's sales transaction model is Business to Business model and major customers are multi-nationals while credit are granted on the strength of their credibility and past performance.

Impairment of trade and related party receivables

The company has trade receivable from sales of inventory and provision of haulages services, related party receivable and staff loan that are subject to expected credit loss model.

Cash and cash equivalents are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for different customers and the calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in table (maturity grouping) above.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP growth, oil price, unemployment rate, inflation rate and exchange rate of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for trade receivables.

Notes to the Audited Financial Statements *(cont'd)*

Trade Receivable	Days past due							
	Current N'000	<30 days N'000	31–60 days N'000	61–90 days N'000	91–120 days N'000	121–150 days N'000	> 365 days N'000	Total N'000
31-Dec-18								
Expected credit loss rate	0.25%	0.25%	0.32%	1.0%	1.03%	-	-	-
Estimated total gross carrying amount at default	4,372,867	811,136	166,732	65,886	24,005	-	-	5,440,626
Expected credit loss	**10,995**	**2,040**	**538**	**677**	**247**	**-**	**-**	**14,498**
1-Jan-18								
Expected credit loss rate	0.26%	0.26%	0.35%	0.81%	4.70%	4.70%	1	-
Estimated total gross carrying amount at default	4,344,540	674,480	350,642	30,010	62,415	86,004	3,458	5,551,549
Expected credit loss	**11,159**	**1,733**	**1,231**	**243**	**2,934**	**4,043**	**3,458**	**24,801**

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2018 N'000	2017 N'000
At 1 January 2018 under IAS 39	17,672	20,767
Adjustment upon application of IFRS 9	7,129	-
At 1 January 2018 – As restated	**24,801**	**20,767**
Provision for expected credit losses	(10,303)	-
Additional provision under IAS 39	-	7,183
Used during the year	-	(10,278)
At 31 December	**14,498**	**17,672**

Expected credit loss measurement - other financial assets

The company applied the general approach in computing expected credit losses (ECL) for intercompany receivables. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the

Notes to the Audited Financial Statements *(cont'd)*

ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to related parties and staff advances/ receivables.The loss allowance for other financial assets at amortised cost as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 and to the closing loss allowance as at 31 December 2018 as follows:

	Related parties N'000	Other receivable N'000	Total N'000
At 31 December 2017 (calculated under IAS 39)	-	-	-
Amounts restated through opening retained earnings	39,724	5,379	45,103
At 1 January 2018 (calculated under IFRS 9)	**39,724**	**5,379**	**45,103**
(Decrease) /increase in the allowance recognised in profit or loss during the period	(3,390)	503	(2,887)
At 31 December 2018	**36,334**	**5,882**	**42,216**

3.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves to meet operational needs at all times so that the Company does not breach borrowing limit. The Company manages liquidity risk by effective working capital and cash flow management.

Beta Glass Plc invests its surplus cash in interest bearing current accounts. At the reporting date the Company had Nil (2017: N3.7) billion in interest bearing current accounts.The table below summarised the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

At 31 December 2018	**On Demand N'000**	**Less than 3 months N'000**	**3 months to 12 months N'000**	**Total N'000**
Financial liabilities:				
Trade and other payables excluding transaction taxes (Note 22)	-	10,872,429	-	10,872,429
Interest bearing borrowing (Note 19)	-	1,116,436	-	1,116,436
	-	**11,988,865**	**-**	**11,988,865**

Notes to the Audited Financial Statements *(cont'd)*

At 31 December 2017	On Demand	Less than 3 months	3 months to 12 months	Total
Financial liabilities:				
Trade and other payables excluding transaction taxes (Note 22)	-	5,039,710	-	5,039,710
Interest bearing borrowing (Note 19)	-	775,259	-	775,259
	-	**5,814,969**	**-**	**5,814,969**

3.4 Capital risk management

The objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to maximise returns for shareholders and benefits for other stakeholders as well as maintaining the 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, capital returned to shareholders, new shares issued, or debt raised.

Consistent with others in the industry, the Company monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios at 31 December 2018 and 31December 2017 are as follows:

	2018 N'000	2017 N'000
Borrowings	1,098,584	762,862
Trade and other payables	11,598,037	5,282,430
Less: Cash in hand and at bank	(8,872,798)	(6,930,967)
Net Debt	**3,823,823**	**(885,675)**
Total equity	29,627,573	25,145,114
Capital and net debt	33,451,396	24,259,439
Gearing ratio	**13%**	**-4%**

3.5 Financial instruments which are carried at other than fair value

The carrying value of all financial assets and financial liabilities is a reasonable approximation of fair value. No further disclosure is required.

Notes to the Audited Financial Statements *(cont'd)*

4 Critical accounting estimates and judgements

Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on director's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Significant accounting judgments and estimates made in the preparation of the financial statements is shown below.

Plant and machinery

Plant and machinery is depreciated over its useful life. Beta Glass Plc estimates the useful lives of plant and machinery based on the period over which the assets are expected to be available for use. The estimation of the useful lives of plant and machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

Export Expansion Grant and Negotiable Duty Credit Certificate

Export Expansion Grant (EEG) is a very vital incentive of the Federal Government of Nigeria required for the stimulation of export oriented activities that will lead to significant growth of the non-oil export sector. Having met the eligibility criteria and registered under the scheme by the Nigerian Export Promotion Council (NEPC), the Company is entitled to a rebate on export sales in as much as it can demonstrate that the proceeds of the related sales have been repatriated through an approved channels to the country within 300 (formerly 180) days of such export sales.

The rebate is recognised as a credit to cost of sales and as a receivable from the Federal Government of Nigeria (i.e. EEG receivable). As at 31 December 2018, EEG receivable stood at N 1.74 billion (31 December 2017: N1.58 billion) as disclosed in Note 17.

Negotiable Duty Credit Certificate (NDCC) is the instrument of the Federal Government of Nigeria (FGN) for settlement of EEG receivable. The NDCC was used for the payment of Import and Excise duties in lieu of cash. However, NEPC has stopped issuing NDCC in line with the new guidelines and all our NDCC has been returned for replacement with proposed promissory notes in line with the new guidelines. As at 31 December 2018, Unutilized NDCC stood at N 1.02 billion (31 December 2017: N1.03 billion) as disclosed in Note 17.

Though, a significant component of the EEG receivable and unutilized NDCC have been outstanding for more than 1 year, no impairment charge have been recognised because they are regarded as sovereign debts. Moreover, Government have not communicated or indicated unwillingness to honour the obligations. Thus, the outstanding balances are classified as current assets accordingly.

Provision for expected credit losses (ECL) of trade and other receivables

The company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade and other receivables is disclosed in Note 17.

Notes to the Audited Financial Statements *(cont'd)*

5 Segment information

IFRS 8 'Operating segments requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Board of Directors which includes executive directors and other key management. It is the Board of Directors that has responsibility for planning and controlling the activities of the Company.

The company's reportable segment has been identified on a product basis as glass bottles. Beta Glass Plc is a one segment business.

Customer sales greater than 10% of sales of Beta Glass Plc:

	2018 N'000	%	2017 N'000	%
Customer 1	5,010,791	19%	2,242,939	10%
Customer 2	4,467,661	17%	2,126,647	10%
Customer 3	4,425,865	17%	4,826,837	22%
Customer 4	3,895,614	15%	4,400,136	20%

Revenue is generated from local and international sales. An analysis based on customer location is set out below:

	2018 N'000	2017 N'000
Local sales	24,697,809	20,755,263
Export sales	1,623,205	1,430,995
Total revenue	**26,321,014**	**22,186,258**

The board of directors assesses the performance of the operating segment based on profit from operations.

	2018 N'000	2017 N'000
Operating profit	5,893,657	4,374,837

6 Revenue from contracts with customers

Disaggregated revenue information

	31 December 2018 N'000	31 December 2017 N'000
Type of goods:		
Sales of glassware and bottles	26,321,014	22,186,258
Geographical markets:		
Local	24,697,809	20,755,263
Export	1,623,205	1,430,995
	26,321,014	**22,186,258**

Revenue from the sale of bottles are recognised at a point in time, generally upon delivery of the bottles.

Included in sales of glassware and bottles are sales to related parties of N3.8billion (2017: N4.4billion). See Note 29 for further details.

Notes to the Audited Financial Statements *(cont'd)*

7 Expenses by nature

		31 December 2018 N'000	31 December 2017 N'000
7.1	**Cost of sales**		
	Material consumed	7,880,704	5,962,360
	Depreciation (Note 14)	2,120,178	2,033,570
	Technical assistance fees (Note 29)	829,712	698,867
	Factory salaries and wages (Note 7.5)	2,053,333	1,626,069
	Fuel, gas and electricity	4,893,167	4,683,051
	Other factory overheads	2,163,281	1,934,478
		19,940,375	**16,938,395**
7.2	**Administrative expenses**		
	Depreciation and amortisation charges (Note 14 & 15)	135,430	113,727
	Auditors remuneration	26,426	22,272
	Legal and professional fees	93,223	61,093
	Salaries and wages (Note 7.5)	592,350	445,814
	Pension costs - defined contribution plans (Note 13)	27,757	26,122
	Interest on employee benefit obligation (Note 13)	332,322	365,970
	Current service cost of employee benefit obligation (Note 13)	143,097	142,338
	Net gain on settlement of employee benefit obligation *	(410,788)	-
	Directors' remuneration (Note 13)	23,640	21,949
	Travel and transportation	123,220	117,276
	Other administrative expenses	161,398	76,569
	Expected Credit loss of other receivables	(2,887)	-
		1,245,189	**1,393,130**

*N410, 788,000 being curtailment gain on final settlement of employee benefit obligation (gratuity scheme).

Other administrative expenses include Information Technology expenses, Subscriptions, Printing and stationery and other minor expenses.

		31 December 2018	31 December 2017
7.3	**Selling and distribution expense**		
	Distribution expense	91,464	90,609
	Expected Credit loss of trade receivable	(10,303)	7,183
		81,161	**97,792**
	Total cost of sales, administrative expenses and distribution costs	**21,266,725**	**18,429,317**

Notes to the Audited Financial Statements *(cont'd)*

7.4 Credit loss expense

The table below shows the ECL credit on financial instruments for the year recorded in the income statement:

	Note	Stage 1 Individual N'000	Simplified Model N'000	Total N'000
Debt instruments measured at amortised cost -Related party loans	7.2	(3,389)	-	(3,389)
Debt instruments measured at amortised cost - Staff loan	7.2	503	-	503
Debt instruments measured at amortised costs - trade receivables	7.3	-	(10,303)	(10,303)

7.5 Wages and salaries includes	31 December 2018 N'000	31 December 2017 N'000
Cost of sales (Note 7.1)	2,053,333	1,626,069
Administrative expenses (Note 7.2)	592,350	445,814
	2,645,683	**2,071,883**

8 Other income

	31 December 2018 N'000	31 December 2017 N'000
Profit on disposal of property plant and equipment	14,201	12,839
Surplus on transport and others **	804,754	590,598
Proceed from sale of scraps	20,413	14,458
	839,368	**617,896**

This represents surplus on transport charges recovered from customers, insurance claims and others.

9 Foreign exchange gain

	31 December 2018 N'000	31 December 2017 N'000
Foreign exchange gain	132,727	344,119

Notes to the Audited Financial Statements *(cont'd)*

10 Finance income and expenses

	31 December 2018 N'000	31 December 2017 N'000
10.1 Finance income		
Interest income	1,405,030	1,262,045
10.2 Finance cost		
Interest expense	(243,233)	(126,261)
Net finance income	1,161,797	1,135,784

11 Income tax expense

	31 December 2018 N'000	31 December 2017 N'000
Income tax	604,070	2,535,103
Education tax	134,669	192,359
Net income and education tax for the year (Note 23)	738,739	2,727,462
Deferred tax charged / (credit) for the year	1,396,637	(987,864)
Net deferred tax for the year (Note 21)	1,396,637	(987,864)
Tax expense	2,135,376	1,739,598

The current tax charge has been computed at the applicable rate of 30% (31 December 2017: 30%) plus education levy of 2% (31 December 2017:2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as donations and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income include income such as export profits and gain on disposal of assets which are not taxable.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

Notes to the Audited Financial Statements *(cont'd)*

11.1 Effective tax reconciliation

	31 December 2018 N'000	31 December 2017 N'000
Profit before tax	7,188,181	5,854,740
Tax at the Nigeria Corporation Tax rate of 30% (2017:30%)	2,156,454	1,756,422
Tax effects of:		
Non chargeable income	(122,894)	(144,326)
Non-deductible expenses	23,265	6,571
Effect of education tax	134,669	192,359
Effect of tax incentive	(56,118)	(71,428)
Tax charge for the year	2,135,376	1,739,598

12 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting year.

	31 December 2018	31 December 2017
Profit attributable to shareholders of the Company (N' 000)	5,052,805	4,115,142
Weighted average number of ordinary shares in issue	499,972	499,972
Basic Earnings per share (Naira)	10.11	8.23

Diluted EPS is the same as the Basic earnings per share as there are no potential securities convertible to ordinary shares.

Notes to the Audited Financial Statements *(cont'd)*

13 Particulars of the Directors and staff

a The average number of persons, excluding directors, employed by the Company during the year was as follows:

	31 December 2018 Number	31 December 2017 Number
Management	285	289
Factory	336	332
Sales and Administration	7	8
	628	**629**

b The number of the employees in Nigeria with gross emoluments excluding retirement benefits within the bands stated below were:

	31 December 2018 Number	31 December 2017 Number
N600,001 - N800,000		
N800,001 - N1,000,000	18	12
N1,000,001 - N1,200,000	42	33
N1,200,001 - N1,400,000	60	69
N1,400,001 - N1,600,000	28	37
N1,600,001 - N1,800,000	37	37
N1,800,001 - N2,000,000	44	32
N2,000,001 - N2,500,000	120	123
N2,500,001 - N3,000,000	122	124
Over N3,000,000	157	162
	628	**629**

c. Wages and salaries (Note 7.5)

	31 December 2018 N'000	31 December 2017 N'000
Wages and salaries (Note 7.5)	2,645,683	2,071,883
Pension costs - defined contribution plans	27,757	26,122
Interest on employee benefit obligation (Note 20)	332,322	365,970
Current service cost of employee benefit obligation (Note 20)	143,097	142,338
	3,148,859	**2,606,313**

Notes to the Audited Financial Statements *(cont'd)*

d Directors' emoluments

The remuneration paid to the Directors of the Company was:

	31 December 2018 N'000	31 December 2017 N'000
Fees for services as Directors	23,640	21,948
Other emolument as management	-	-
	23,640	**21,948**

Fees for services as Directors include fees, sitting allowance and travel expenses. The Managing Director is the only member of management team on the Board and he earns no salary from the Company. His salary is paid by Frigoglass Industries Nigeria Limited- Beta Glass Plc's parent Company.

Amount paid to the Chairman	5,885	5,190
Amount paid to the highest paid Director	5,885	5,190

This includes fees, board and committee's sitting allowance and travel expenses

The number of Directors of the Company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

	31 December 2018 Number	31 December 2017 Number
N150,000 - N500,000	-	-
N500,001 - N6,000,000	8	7
	8	7
Directors with no emoluments	2	2

Directors with no emoluments waived their right to receive remuneration from the Company.

Notes to the Audited Financial Statements *(cont'd)*

14 Property, plant and equipment - 31 December 2018

	Land N'000	Building N'000	Plant and Machinery N'000	Furniture fittings and equipment N'000	Motor Vehicles N'000	Furnaces N'000	Assets under Construction N'000	Total N'000
Cost or valuation:								
At 1 January 2018	168,540	1,791,717	20,131,333	418,723	609,754	6,622,434	2,525,724	32,268,225
Additions	-	60,276	1,359,290	35,121	289,064	542,713	5,618,208	7,904,671
Disposals	-	-	(38,888)	(953)	(95,795)	-	-	(135,636)
Reclassifications	-	-	1,576,795	12,902	-	740,436	(2,330,133)	-
At 31 December 2018	**168,540**	**1,851,993**	**23,028,530**	**465,793**	**803,024**	**7,905,583**	**5,813,799**	**40,037,261**
Accumulated depreciation:								
At 1 January 2018	-	610,134	14,410,700	372,145	475,531	4,532,354	-	20,400,864
Charge for the year	-	54,158	1,536,510	26,436	106,626	529,510	-	2,253,240
Disposals	-	-	(38,888)	(938)	(95,021)	-	-	(134,848)
At 31 December 2018	**-**	**664,292**	**15,908,321**	**397,644**	**487,136**	**5,061,864**	**-**	**22,519,257**
Net book value:								
At 31 December 2018	**168,540**	**1,187,701**	**7,120,209**	**68,150**	**315,888**	**2,843,719**	**5,813,799**	**17,518,004**

Assets under construction represents value of plant and machinery in progress. On completion, the assets will be capitalized and subsequently depreciated.

Depreciation expenses of N2.12 billion was charged to Cost of sales and N133.06 million was charged to Administrative expenses.

No assets were pledged as collateral for loan during the year.

Notes to the Audited Financial Statements *(cont'd)*

14 Property, plant and equipment - 31 December 2017

	Land N'000	Building N'000	Plant and Machinery N'000	Furniture fittings and equipment N'000	Motor Vehicles N'000	Furnaces N'000	Assets under Construction N'000	Total N'000
Cost or valuation:								
At 1 January 2017	168,540	1,758,556	19,321,100	399,064	621,835	6,556,723	69,666	28,895,484
Additions	-	30,641	867,638	18,746	72,841	65,711	2,514,299	3,569,876
Disposals	-	-	(109,803)	-	(87,331)	-	-	(197,135)
Reclassifications	-	2,520	52,398	913	2,410	-	(58,241)	-
At 31 December 2017	**168,540**	**1,791,717**	**20,131,333**	**418,723**	**609,755**	**6,622,434**	**2,525,724**	**32,268,225**
Accumulated depreciation:								
At 1 January 2017	-	557,467	12,923,364	350,251	475,812	4,070,184	-	18,377,078
Charge for the year	-	52,667	1,518,733	21,894	87,050	462,170	-	2,142,514
On disposals	-	-	(31,397)	-	(87,331)	-	-	(118,728)
At 31 December 2017	**-**	**610,134**	**14,410,700**	**372,145**	**475,531**	**4,532,354**	**-**	**20,400,864**
Net book value:								
At 31 December 2017	**168,540**	**1,181,583**	**5,720,633**	**46,578**	**134,224**	**2,090,080**	**2,525,724**	**11,867,361**

Assets under construction represents value of plant and machinery in progress. On completion, the assets will be capitalized and subsequently depreciated.

Depreciation expenses of N2.034 billion was charged to Cost of sales and N108.95 million was charged to Administrative expenses

No assets were pledged as collateral for loan during the year.

Notes to the Audited Financial Statements *(cont'd)*

15 Intangible assets

	Computer software	
	2018	**2017**
	N'000	**N'000**
Cost:		
As at 1 January	37,082	37,082
Additions	3,077	-
As at 31 December	40,159	37,082
Accumulated amortization:		
As at 1 January	(26,996)	(22,214)
Charge for the year	(2,368)	(4,782)
As at 31 December	(29,364)	(26,996)
Net book value		
As at 31 December	10,795	10,086

The remaining amortization period of the intangible asset is between 2 and 3 years. Amortization of N2.37 million (2017: N4.7 million) has been charged to Administrative expenses

16 Inventories

	31 December 2018 N'000	**31 December 2017 N'000**
Raw materials - cost	1,350,655	809,465
Work in progress - cost	9,431	27,324
Finished goods - cost	2,107,991	1,695,103
Spare parts and consumables - cost	1,582,352	1,511,488
	5,050,429	4,043,380
Goods in transit - cost	1,189,311	981,836
	6,239,740	**5,025,216**

Write-downs of inventories to net realisable value as at December 2018 amounted to N486,597,000 (2017 – N443,765,000). The writedown is recognised as an expense in the period it occurred and included in 'cost of sales' in profit or loss.

Analysis of value of inventories charged to profit or loss is as follows:

	31 December 2018 N'000	**31 December 2017 N'000**
Cost of inventories included in cost of sales	7,880,704	5,962,360

The amount represents cost of materials consumed and included in cost of sales per Note 7.1.

Notes to the Audited Financial Statements *(cont'd)*

17 Trade and other receivables

	31 December 2018 N'000	31 December 2017 N'000
Trade receivables	4,105,372	4,858,492
Unutilised Negotiable Duty Credit Certificates (Note 4)	1,017,817	1,024,894
EEG receivable (Note 4)	1,735,146	1,581,874
Prepayments (Note 17.1)	256,627	295,033
Withholding tax receivable	138,042	42,790
Other receivables	2,950	28,893
Staff advances	132,285	138,281
Receivables from related parties (Note 29)	6,106,767	6,407,726
Sub-total	13,495,006	14,377,983
Allowance for expected credit losses	(56,714)	-
Total	**13,438,292**	**14,377,983**

	Trade Receivable N'000	Staff Loan N'000	Related Party Receivable N'000
Gross	4,105,372	132,285	6,106,767
ECL	14,498	5,882	36,334
Net	**4,090,874**	**126,403**	**6,070,433**

Trade receivables are non- interest bearing and are generally on payment terms of 30 - 90 days.

Other receivable represents insurance claim receivables.

17.1 Prepayment includes Prepaid Insurance, Prepaid Rent and Others. The prepaid rent is for short term.

17.2 Set out below is the movement in the allowance for expected credit losses:

17.2.1 Trade Receivable

	2018 N'000	2017 N'000
As at 1 January (IAS 39)	17,672	20,767
Effect of adoption of IFRS 9 (Note 27.1)	7,129	-
As at 1 January (Restated)	**24,801**	**20,767**
Reversal of provision during the year	(10,303)	-
Additional Provision during the year	-	7,183
Used during the year	-	(10,278)
As at 31 December	**14,498**	**17,672**

Notes to the Audited Financial Statements *(cont'd)*

17.2.2	Staff Receivable	2018 N'000	2017 N'000
	As at 1 January (IAS 39)	-	-
	Effect of adoption of IFRS 9 (Note 27.1)	5,379	-
	As at 1 January (Restated)	5,379	-
	Additional Provision during the year	503	-
	As at 31 December	**5,882**	**-**

17.2.3	Related Parties Receivable	2018 N'000	2017 N'000
	As at 1 January (IAS 39)	**-**	**-**
	Effect of adoption of IFRS 9 (Note 27.1)	39,724	-
	As at 1 January (Restated)	39,724	-
	Reversal of provision during the year	(3,390)	-
	As at 31 December	**36,334**	**-**
	Allowance for credit loss total	**56,714**	**17,672**

18 Cash and cash equivalents

	31 December 2018 N'000	31 December 2017 N'000
Cash in hand	361	344
Cash at bank	8,872,437	6,930,623
Cash in hand and at bank	**8,872,798**	**6,930,967**

For the purpose of the cash flow statement, cash and cash equivalents comprise of: cash in hand, cash at bank, and bank overdraft.

	31 December 2018 N'000	31 December 2017 N'000
Cash in hand and at bank	8,872,798	6,930,967
Cash and cash equivalents	**8,872,798**	**6,930,967**

Notes to the Audited Financial Statements *(cont'd)*

19 Borrowings

	31 December 2018 N'000	31 December 2017 N'000
Short term borrowings	1,098,584	762,862
	1,098,584	**762,862**

Reconciliation of Short term Borrowings:	31 December 2018 N'000	31 December 2017 N'000
At 1 January	762,862	181,018
Repayment of Borrowings during the year	(762,862)	(181,018)
Additional borrowings during the year	1,098,584	762,862
At 31 December	**1,098,584**	**762,862**

Short term borrowings represent Banker Acceptance from Stanbic IBTC Bank for the importation of raw materials at a variable interest rate of Libor+5.5% payable within 30 to 90 days.

20 Employee benefit obligations

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements:

	31 December 2018 N'000	31 December 2017 N'000
Statement of financial position:		
Obligation for Post-employment benefit	-	2,674,723
Liability in the statement of financial position	-	2,674,723
Profit or Loss:		
Included in employee benefits expense for:		
Interest on employee benefit obligation	332,322	365,970
Current service cost of employee benefit obligation	143,097	142,338
Gain on settlement of employee obligation	(410,788)	-
	64,631	508,308
Other Comprehensive Income:		
Remeasurements for:		
Post-employment benefit	-	(64,259)
	-	(64,259)

The provision for gratuity was based on independent actuarial valuation performed by independent actuaries using the projected unit credit method. The company does not maintain any assets for the gratuity plan but ensures that it has sufficient funds for the obligations as they crystallize. The scheme was discontinued effective from 31 December 2018 and all the liabilities due were settled as at that date.

Notes to the Audited Financial Statements *(cont'd)*

20.1 The amounts recognised in the statement of financial position are determined as follows:

	31 December 2018 N'000	31 December 2017 N'000
Present value of obligations (unfunded)	-	2,674,723

20.2 The movement in the defined benefit obligation over the year is as follows:

	31 December 2018 N'000	31 December 2017 N'000
At 1 January	2,674,723	2,401,300
Charge during the year:		
Current service cost of employee benefit obligation	143,097	142,338
Gain on settlement of employee obligation	(410,788)	-
Interest on employee benefit obligation	332,322	365,970
	64,631	508,308
Remeasurements:		
Actuarial losses - change in financial assumption	-	63,199
Actuarial losses - experience adjustment	-	(127,458)
	-	(64,259)
Payments from plans:		
Benefits paid by the employer	(2,739,354)	(170,626)
At 31 December	-	2,674,723

Notes to the Audited Financial Statements *(cont'd)*

		31 December 2018	31 December 2017
20.3	**Maturity Profile of Defined Benefit Obligation**	**N'000**	**N'000**
	Within the next 12 months (next Annual Reporting Date)	-	218,972
	Between 2 and 5 years	-	1,123,355
	Between 5 and 10 years	-	3,435,041
	Beyond 10 years	-	17,687,579
	Total	-	22,464,947

The significant actuarial assumptions were as follows:

	31 December 2017
Discount rate (p.a.)	14.0%
Future average pay increase (p.a.)	14.0%
Average rate of inflation (p.a.)	12.0%

Following various discussions, with the Employee Unions on managing the Gratuity Scheme, the Company entered into an Agreement with the Unions. The Agreement with the Unions confirmed that the Gratuity Scheme will be discontinued with effect from 31 December 2018, and all outstanding liabilities per employee as of 31.12.2018 will be settled in the month of December 2018.

As at 31 December 2018, all employee benefit obligations were settled and the gratuity scheme has been completely discontinued. Effective from 31 December 2018, the gratuity scheme is abolished.

Notes to the Audited Financial Statements *(cont'd)*

21 Deferred tax liabilities

	31 December 2018 N'000	31 December 2017 N'000
The movement in deferred tax is as follows:		
At 1 January	1,348,823	2,317,409
Changes during the year:		
- Debit to other comprehensive income	-	19,278
- Debit / (credit) to profit or loss (Note 11)	1,396,637	(987,864)
- Credit to retained earnings (Note 27)	(16,716)	-
At 31 December	**2,728,744**	**1,348,823**

	31 December 2018 N'000	31 December 2017 N'000
Deferred Tax Assets	(276,293)	(1,040,349)
Deferred Tax Liabilities	3,005,037	2,389,172
Net Deferred Tax Liabilities	**2,728,744**	**1,348,823**

Deferred tax relates to the followings:

	Statement of Financial Position		Statement of Profit or loss	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Accelerated depreciation for deferred tax purpose	(2,923,612)	(2,318,889)	604,722	(318,194)
Employee benefit obligation	-	865,446	865,446	(88,780)
Trade receivable -unrealised exchange gain	(81,425)	(11,561)	69,864	(526,328)
Trade and other payable - unrealised exchange gain and others	99,785	(58,722)	(158,507)	(19,276)
Trade receivable - impairment loss	20,797	5,655	1,574	990
Inventory - write down	155,711	169,248	13,538	(36,275)
Total	**(2,728,744)**	**(1,348,823)**	**1,396,637**	**(987,863)**

Notes to the Audited Financial Statements *(cont'd)*

22 Trade and other payables

	31 December 2018 N'000	31 December 2017 N'000
Trade payables	8,900,101	3,128,104
Social security and transaction taxes	725,608	242,719
Accrued expenses and other payables	1,590,872	1,687,393
Amounts due to related parties (Note 29)	381,456	224,213
	11,598,037	**5,282,430**

22.1 Social security and transaction taxes includes VAT, Withholding taxes, Pay As You Earn taxes and Pension liabilities.

22.2 Accrued expenses and other payables represent energy expenses accrued, transport income accrued, employee bonus accrued and raw material purchases accrual etc as at year end.

All trade payables are due within twelve (12) months.

22.3 Financial liabilities includes:

	31 December 2018 N'000	31 December 2017 N'000
Trade payables	8,900,101	3,128,104
Amounts due to related parties (Note 29)	381,456	224,213
	9,281,557	**3,352,317**

23 Current income tax liabilities

	31 December 2018 N'000	31 December 2017 N'000
The movement in current income tax is as follows:		
At 1 January	2,940,618	1,422,569
Provision for the year (Note 11)	738,739	2,727,462
Payment during the year	(2,695,218)	(1,198,212)
Withholding Tax Credit utilised	(20,000)	(11,201)
At 31 December	**964,137**	**2,940,618**

Notes to the Audited Financial Statements *(cont'd)*

24 Dividend payable

	31 December 2018 N'000	31 December 2017 N'000
At 1 January	57,043	45,186
Dividend declared during the year	534,970	489,973
Dividend paid during the year relating to prior year (Note 27)	(534,970)	(489,973)
Non-statute barred unclaimed dividend returned	5,511	11,857
At 31 December	**62,554**	**57,043**
Dividend per share (Naira)	1.07	0.98

Non-statute barred dividend (paid) /returned relates to dividend declared but not claimed for a period of 15 months and above. This has not become statute barred and still claimable by the beneficiaries hence, the non-recognition in retained earnings.

25 Share capital

25.1 Authorised:

	31 December 2018 N'000	31 December 2017 N'000
600,000,000 ordinary shares of 50kobo each	300,000	300,000
Allotted, called up and fully paid:		
499,972,000 ordinary shares of 50k each	**249,986**	**249,986**

	31 December 2018		31 December 2017	
	Number of shares	%	Number of shares	%
Frigoglass Industries Nigeria Limited	309,391,133	61.88%	309,391,133	61.88%
Frigoinvest Holdings B.V	40,833,131	8.17%	40,833,131	8.17%
Stanbic IBTC Nominees Nigeria Limited	28,518,616	5.70%	39,467,716	7.89%
Delta State Ministry of Finance Incorporated	22,258,117	4.45%	22,258,117	4.45%
Others	98,971,003	19.80%	88,021,903	17.61%
	499,972,000	**100%**	**499,972,000**	**100%**

Notes to the Audited Financial Statements *(cont'd)*

25.2 Share premium

	31 December 2018 N'000	31 December 2017 N'000
Share premium	312,847	312,847

Share premium arose from share issue at a rate above the nominal value of ordinary shares

26 Other reserves

	N'000
At 31 December 2018	2,429,942
At 31 December 2017	2,429,942

Other reserves represent furnace rebuilt reserve set aside from retained earnings in previous years and the amount is not available for distribution to the equity holders of the Company.

27 Retained earnings

	31 December 2018 N'000	31 December 2017 N'000
At 1 January	22,152,339	18,482,189
Effect of Changes in new accounting standards (net of Deferred tax) *	(35,516)	-
Dividend declared & paid during the year relating to prior year (Note 24)	(534,970)	(489,973)
Total comprehensive income	5,052,805	4,160,123
Statute barred dividend returned	140	-
At 31 December	**26,634,798**	**22,152,339**

27.1 *Effect of Changes in new accounting standards:

Impairment provision on prior year receivables	(52,233)	-
Deferred tax thereon (Note 21)	16,716	-
Net of tax	(35,516)	-

Statute barred dividend is no longer available for collection by the beneficiaries hence, the recognition in retained earnings.

Notes to the Audited Financial Statements *(cont'd)*

28 Cash generated from operating activities

	31 December 2018 N'000	31 December 2017 N'000
Profit before tax	**7,188,181**	**5,854,740**
Adjustment for:		
Depreciation of property, plant and equipment (Note 14)	2,253,240	2,142,514
Amortisation of intangible assets (Note 15)	2,368	4,782
Profit on disposal of property, plant and equipment (Note 8)	(14,201)	(12,839)
Interest on employee benefit obligation (Note 20.2)	332,322	365,970
Current service cost of employee benefit obligation (Note 20.2)	143,097	142,338
Gain on settlement of employee obligation (Note 20.2)	(410,788)	-
Interest income (Note 10.1)	(1,405,030)	(1,262,045)
Interest expense (Note 10.2)	243,233	126,261
Net exchange difference	(251,444)	(38,883)
Allowance for expected credit losses	(13,189)	
Changes in working capital:		
Decrease / (increase) in trade and other receivables	900,648	(3,985,910)
Increase in inventories	(1,214,524)	(814,547)
Increase / (decrease) in trade and other payables	6,315,607	(65,798)
Cash generated from operations	**14,069,520**	**2,456,583**
Movement in trade and other receivables		
Decrease/ (Increase) in trade and other receivables	939,691	(3,985,910)
Add: Receivable Impairment allowances during the year	39,043	-
Decrease/ (increase) in trade and other receivables for cash flow purpose	**900,648**	**(3,985,910)**

29 Related parties

The company is a member of the Frigoglass group and is thus related to other subsidiaries of the Company through common shareholdings or common directorships. Transactions arising from dealings with related parties are as detailed below.

The company is controlled by Frigoglass Industries Nigeria Limited which holds 61.9% (2017- 61.9%) of the Company's issued ordinary shares. Frigoinvest Holding BV, an intermediate parent company, holds 8.2% while the remaining 29.9 of the shares are widely held. The ultimate holding company is Frigoglass S.A.I.C (incorporated in Greece).

The following companies are related parties of Beta Glass Plc:
Frigoglass S.A.I.C - Ultimate parent and ultimate controlling party
Frigoglass Industries (Nigeria) Limited - Parent company
Frigoinvest Holdings BV - Intermediate parent company
Frigoglass Global Limited
Frigoglass Jebel Ali FZE
Frigoglass West Africa Limited - Common Shareholders
A.G. Leventis PLC- A common Director
Nigerian Bottling Company - Shareholder with power to participate in the operating and financial decisions of the parent company of Beta Glass Plc

Notes to the Audited Financial Statements *(cont'd)*

a Remuneration of key management personnel

Key management personnel include the Board of Directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	31 December 2018 N'000	31 December 2017 N'000
Short term benefits (Note 13)	23,640	21,948
Amount paid to the highest paid Director	5,885	5,190
Amount paid to Chairman	5,885	5,190

b The number of Directors of the Company based on range emolument is as below:

	31 December 2018 Number	31 December 2017 Number
N150,000 - 500,000	-	-
N500,001 - 5,000,000	8	7
	8	7
Directors with no emoluments	2	2

c Transactions with related parties

The following transactions took place between the Company and its related parties during the year:

c (i) Sales of goods and services

	2018 N'000	2017 N'000
Sales of goods:		
Nigerian Bottling Company	3,895,614	4,400,136
	3,895,614	4,400,136

Goods are sold based on the price list in force and credit period ranges from 30 to 60 days.

Accordingly, they are at arms' length.

Notes to the Audited Financial Statements *(cont'd)*

c (ii) Purchases of goods and services

	2018 N'000	2017 N'000
Purchase of services:		
Frigoglass Global Limited	829,712	698,867
A.G. Leventis PLC	321,454	248,253
	1,151,166	**947,120**

The transaction with Frigoglass Global limited was for the supply of technical expertise to Beta Glass Plc. The technical service fee represents 3% of net sales as approved by the National Office for Technology Acquisition and Promotion (NOTAP) certificate number 005961 with maturity profile of three (3) years from 01 January 2016 to 31 December 2018. Also included in the technical service charge for the year is Value Added Tax (VAT) at 5% paid on the technical service fee. The transaction with A.G. Leventis Plc was for supply of haulage services and secretariat services.

Purchases of goods and services are at prices comparable to those obtainable from third parties.

d Due to related companies

This represents the balance due to related parties stated below as at year end:

	Description	31 December 2018 N'000	31 December 2017 N'000
Frigoglass Global Limited	Purchase of services	357,725	198,747
Frigoglass SAIC - Kato Achaia	Purchase of services	23,731	-
A.G. Leventis Nig PLC	Purchase of services	-	25,466
		381,456	**224,213**

e Due from related companies

This represents the balance due from related parties stated below as at year end:

	Description	31 December 2018 N'000	31 December 2017 N'000
Frigoglass Industries (Nigeria) Limited	Payments made by Beta Glass Plc on behalf of Frigoglass Ind.(Nig.) Limited	289,238	367,919
Frigoglass West Africa Limited	Payments made by Beta Glass Plc on behalf of Frigoglass (West Africa Limited	151	-
Nigerian Bottling Company Limited	Sales of Bottles and purchase of cullet	661,993	625,031
Frigoglass Industries (Nigeria) Limited	Intercompany treasury balances	5,110,623	5,414,776
A.G. Leventis Nigeria PLC	Purchase of services	8,428	-
		6,070,433	**6,407,726**

Notes to the Audited Financial Statements *(cont'd)*

The receivables from related parties arise mainly from sale transactions, intercompany treasury balances and payments on behalf of other related companies with short term settlement period. The receivables are unsecured in nature and bear no interest except for treasury balances. There is impairment provisions amounting to N36.34 million (2017: Nil) for the year ended 31 December 2018.

The payables to related parties arise mainly on purchases and services from related parties with short term settlement period/ or payable on demand. The payables bear no interest.

30 Contingent liabilities

Legal proceedings
The company is presently involved in four (4) litigation suits as at 31 December 2018. The claims against the Company from the suits amount to N2.33 billion (31 December 2017: N2.33 billion) as of reporting date. No provision has been made for these claims because based on legal advice, the Company believes that no significant loss will eventuate.

In the year 2018, the Company has Custom bond line with Stanbic IBTC bank amounting to N52.51million for the carriage and warehousing of goods.

Guarantee on behalf of Frigoglass Finance B.V.
In the year 2017, the Company guarantees first lien indebtedness (comprised of loans and notes) incurred by other members of the Frigoglass Group of approximately €120.0 million, which matures on 31 December 2021 and second lien indebtedness (comprised of loans and notes) of approximately €141 million, which matures on 31 March 2022.

31 Capital commitments

The company had no capital commitments as at 31 December 2018 (31 December 2017: Nil).

32 Subsequent events

A dividend in respect of the year ended 31 December 2018 of N1.30 per share, amounting to a total dividend of N649,963,600 was proposed at the Board meeting held on 21 March 2019 and subject to approval at the Annual General Meeting. These financial statements do not reflect this dividend payable.

There were no other event after reporting date which could have had a material effect on the state of affairs of the Company as at 31 December 2018 and on the profit for the year ended on that date which have not been adequately provided for or recognized.

33 Compliance with regulatory bodies

There was no penalty for non-compliance matters with respect to regulatory bodies for the year ended 31 December 2018 (2017: Nil).

Value Added Statement
for the year ended 31 December 2018

	2018 N'000	%	2017 N'000	%
Revenue	26,321,014		22,186,258	
Finance income	1,405,030		1,262,045	
Other income	839,368		617,896	
Foreign exchange gain	132,727		344,119	
	28,698,139		24,410,318	
Bought in materials and services				
- Imported	(5,746,574)		(3,105,334)	
- Local	(10,115,684)		(10,570,374)	
	12,835,881	**100**	**10,734,610**	**100**
Applied as follows:				
		%		%
To pay employees:				
- Wages, salaries and other benefits	3,148,859	24.53	2,606,313	24.28
To pay providers of capital:				
- Finance cost	243,233	1.89	126,261	1.18
To pay government:				
- - Income tax expense	738,739	5.76	2,727,462	25.41
To provide for enhancement of assets and growth:				
- Depreciation of plant, property and equipment	2,253,240	17.55	2,142,514	19.96
- Amortisation of intangible assets	2,368	0.02	4,782	0.04
Deferred tax charge/(credit)	1,396,637	10.88	(987,864)	(9.20)
- Profit retained for the year	5,052,805	39.36	4,115,142	38.34
	12,835,881	**100**	**10,734,610**	**100**

The value added represents the wealth created through the use of the Company's assets by its own and its employees' efforts. This statement shows the allocation of wealth amongst employees, capital providers, government and that retained for future creation of wealth.

Note: Value added statement is not a required disclosure under IFRS

Five Year Financial Summary

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Assets employed					
Non-current assets	17,528,799	11,877,447	10,533,274	11,675,368	9,602,728
Current assets	28,550,830	26,334,166	22,657,398	15,495,701	17,325,659
Non-current liabilities	(2,728,744)	(4,023,546)	(4,718,709)	(4,065,937)	(3,301,449)
Current liabilities	(13,723,312)	(9,042,953)	(6,996,999)	(5,527,007)	(7,673,957)
Net assets	**29,627,573**	**25,145,114**	**21,474,964**	**17,578,125**	**15,952,981**
Capital employed					
Ordinary share capital	249,986	249,986	249,986	249,986	249,986
Share Premium	312,847	312,847	312,847	312,847	312,847
Other reserves	2,429,942	2,429,942	2,429,942	2,429,942	2,429,942
Retained earnings	26,634,798	22,152,339	18,482,189	14,585,350	12,960,206
Total equity	**29,627,573**	**25,145,114**	**21,474,964**	**17,578,125**	**15,952,981**

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Revenue	26,321,014	22,186,258	19,091,192	15,953,224	16,632,879
Profit before taxation	7,188,181	5,854,740	5,215,253	3,114,795	3,340,660
Income tax expense	(2,135,376)	(1,739,598)	(1,415,860)	(1,123,668)	(950,437)
Profit for the year	5,052,805	4,115,142	3,799,393	1,991,127	2,390,223
Other comprehensive income	-	44,981	296,238	(56,000)	(4,125)
Total comprehensive income	**5,052,805**	**4,160,123**	**4,095,631**	**1,935,127**	**2,386,098**
Per share data					
Earnings per share (Naira)	10.11	8.23	7.60	3.98	4.78
Net asset per share (Naira)	59.26	50.29	42.95	35.16	31.91

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Net assets per share is calculated by dividing net assets of the Company by the weighted average number of ordinary shares issued at the end of the reporting period.

Note: Five year financial summary is not a required disclosure under IFRS

Contact

Beta Glass PLC

Registered office
Iddo House, Iddo, Lagos,
PO Box 159, Lagos

Phone: +234 1 7740844,
+234 1 2806700
Fax: +234 1 2806701

Works

Guinea Plant,
KM 32, Lagos Badagry Express Road,
Agbara Industrial Estate, Ogun State

Delta Plant,
KM 17, Warri-Patani Road, P.M.B 48,
Ughelli, Delta State

Proxy Form

I/We* ______________________________

(BLOCK CAPITALS)

being a member of BETA GLASS PLC hereby appoint**

....

or failing him, **OTUNBA ABIMBOLA OGUNBANJO** or failing him, **MR. DARREN BENNETT-VOCI** as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, July 4, 2019 and any adjournment thereof.

Dated this .... day of 2019

Shareholder's Signature..

Note:
A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy and this form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.

Following the normal practice, the names of two Directors of the Company have been entered on the form to ensure that someone will be at the meeting to act as your proxy. If you wish, you may insert in the blank space on the form (marked**) the name of any person, whether a member (shareholder) of the Company or not who will attend the meeting and vote on your behalf instead of one of the Directors.

Resolutions	For	Against	Abstain
To re-elect Otunba Abimbola Ogunbanjo as a Director			
To re-elect Mr. Darren Bennett-Voci as a Director			
To re-elect Mr. Nikolaos Mamoulis as a Director			
To declare a Dividend			
To authorize the Directors to fix the remuneration of the Auditors			
To elect shareholders' representatives on the Audit Committee			
To approve the remuneration of the Directors			
To authorize the Company to procure goods and services necessary for its operations from related parties			
Please indicate with an "X" in the appropriate square how you want your vote to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion			

Admission Card

Beta Glass PLC (RC 13215)

This admission card must be produced by the Shareholder or his proxy in order to be allowed to attend the Annual General Meeting

Please admit

____

(SHAREHOLDER'S FULL NAME)

To be completed by shareholder or his duly appointed proxy to the Annual General Meeting of Beta Glass PLC which will be held at **Federal Palace Hotel, 6-8 Ahmadu Bello Way, Victoria Island, Lagos on Thursday, July 4, 2019 at 12.00 noon.**

Number of shares held:

(TO BE COMPLETED BY THE COMPANY'S OFFICIAL)

Bola Adebisi (Ms.) *Company Secretary*

Annual General Meeting

Beta Glass PLC (RC 13215)

An Annual General Meeting to be held Federal Palace Hotel, 6-8 Ahmadu Bello Way, Victoria Island, Lagos on Thursday, July 4, 2019, at 12.00 noon

Shareholder's Full name

____

(TO BE COMPLETED BY THE COMPANY'S OFFICIAL)

Number of shares held:

(TO BE COMPLETED BY THE COMPANY'S OFFICIAL)

Signature of Person Attending

____

(TO BE SIGNED IN THE PRESENCE OF THE COMPANY'S OFFICIALS AT THE ENTRANCE TO THE HALL)

Please affix postage stamp

CARDINALSTONE (REGISTRARS) LIMITED
358 HERBERT MACAULAY WAY
YABA, LAGOS

Electronic Delivery Mandate Form

I, Chief/Mr/Mrs ____

of ____

☐ hereby agree to the electronic delivery of Annual reports and other statutory documents of Beta Glass PLC by choosing the option below:

The Company should forward the materials to the following e-mail address:

Email address ____

Surname ______________________ First name ______________________

Signature ______________________ Date ______________________

Please fill and return the completed form to either:

The Managing Director
CardinalStone (Registrars) Limited
358 Herbert Macaulay Way
Yaba
Lagos

OR

The Company Secretary
Beta Glass PLC
Iddo House
Iddo
Lagos

Affix
Current
Passport
(To be stamped by Bankers)

Write your name at the back of your passport photograph

CARDINALSTONE
REGISTRARS

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Only Clearing Banks are acceptable

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

The Registrar,
CardinalStone Registrars, Limited
358, Herbert Macaulay Way, Yaba,
P. O. Box 9117, Marina, Lagos
Nigeria.

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address:

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s)

Company Seal (If applicable)

Joint/Company's Signatures

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PET. PLC	
	AFRIK PHAR MACEUTICALS PLC	
	AG HOMES SAVINGS & LOANS	
	AG LEVENTIS	
	ARBICO PLC	
	ASHAKACEM PLC	
	BANKERS WAREHOUSE	
	BETA GLASS	
	CAPITAL HOTEL PLC	
	ELLAH LAKES	
	EVANS MED PLC	
	FCMB BOND	
	FCMB GROUP PLC	
	FIDSON BOND	
	G. CAPPA PLC	
	GUINEA PLC	
	IMB ENERGY MASTER FUND	
	JOS INT. BREWERIES PLC	
	KOGI SAVINGS & LOAN LTD	
	LAFARGE AFRICA PLC	
	LAFARGE BOND	
	LAW UNION & ROCK PLC	
	LEGACY FUND	
	LIVESTOCK FEEDS PLC	
	MORISON PLC	
	MRS OIL PLC	
	NAHCO BOND	
	NAHCO PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NGC STERILE	
	NPF MICROFINANCE BANK	
	NULEC INDUSTRIES PLC	
	OKOMU OIL PALM PLC	
	PREMIER PAINT PLC	
	REAN PLC	
	SKYE BANK PLC	
	TOTAL NIG. PLC	
	TRANEX PLC	
	WOMEN INVESTMENT FUND	

RC 13215

FRIGOGLASS

A Frigoglass Company