ASIAN PAINTS
(SOLOMON ISLAND) LIMITED

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of the company as at 31 March 2015, the related statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and report as follows:

Directors

The following were directors of the company during the financial year and at the date of this report:

Joseph Pulikottil	Francis Kelesi
Jaideep Nandi (resigned)	Tom Thomas (appointed)

Principal Activities

The principal activities of the company in the course of the year were the manufacturing and distribution of paints and paint related products and there has been no significant change in these activities during the year.

Results

The operating profit for the company for the year was $6,028,420 (2014: $7,303,914) after an income tax expense of $13,072 (2014: $41,197).

Dividends

The Directors recommended that dividends of $6,000,000 be declared and paid for the year (2014: $7,200,000).

Reserves

The Directors recommended that no transfer be made to reserve within the meaning of the Companies Act (CAP 175) of Solomon Islands.

Bad and Doubtful Debts

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of directors, adequate provision has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts or the provision for doubtful debts in the company inadequate to any substantial extent.

Non Current Assets

Prior to the completion of the financial statements of the company, the directors took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to non current assets in the company's financial statements misleading.

Unusual Transactions

Apart from these matters and other matters specifically referred to in financial statements, in the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company in the current financial year, other than those reflected in the financial statements.

Events Subsequent to Balance Date

No matters or circumstances have been arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Other Circumstances

As at the date of this report :

i) no charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;

ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

iii) no contingent liabilities or other liabilities of the company has become or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

Director's Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related company) by reason of a contract made by the company or by a related company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the Board and in accordance with a resolution of the directors.

Dated this 24th day of April 2015

Directors' Statement

For the year ended 31 March, 2015

In accordance with a resolution of the Board of Directors of Asian Paints (S.I) Limited, we state that in the opinion of the Directors:

i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 March 2015;

ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 March 2015;

iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2015;

iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 March 2015; and

v) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 24th day of April 2015.

Independent Auditors' Report

To the members of Asian Paints (S.I) Limited

Scope

We have audited the accompanying financial statements of Asian Paints (S.I) Limited, which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

The Directors and the Management are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 175) of Solomon Islands. This responsibility includes: 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; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 March 2015 and of the results of its operations and its cash flows for the year ended in accordance with International Financial Reporting Standards and the Companies Act (CAP 175) of Solomon Islands.

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.

Suva, Fiji

Ernst & Young
Chartered Accountants

24 April, 2015

Statement of Comprehensive Income

For the year ended 31 March, 2015

	Notes	2015 $	2014 $
Operating Revenue	2.1	16,417,530	19,805,910
Other operating income	2.2	684,454	457,766
		17,101,984	**20,263,676**
Cost and expenses			
Cost of goods sold		7,892,364	10,143,612
Operating expenses	2.3	2,466,984	2,202,081
Salaries and employee benefits	2.4	639,808	511,208
Depreciation and amortisation	2.5	62,055	62,344
		11,061,211	**12,919,245**
Operating profit		6,040,773	7,344,431
Finance income	2.6	719	680
Profit before income tax		6,041,492	7,345,111
Income tax expense	3(a)	(13,072)	(41,197)
Profit for the year		6,028,420	7,303,914
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		6,028,420	7,303,914
Earnings per share			
Basic, for profit for the year attributable to ordinary equity holders	4	9.57	11.59

The accompanying notes form an integral part of this Statement of Comprehensive Income.

Statement of Financial Position

Year ended 31 March 2015

	Notes	2015 $	2014 $
ASSETS			
Non-current assets			
Property, plant and equipment	6	419,131	443,173
Intangible assets	7	7,113	9,590
Loan receivable from related company	12	7,189,811	6,801,372
Deferred income tax asset	3(c)	93,577	109,382
Available-for-sale investments	14	2,151,148	2,035,124
		9,860,780	**9,398,641**
Current assets			
Cash at bank and on hand	8	2,374,531	3,353,931
Trade and other receivables	9	4,039,849	3,797,744
Inventories	10	3,362,277	3,114,921
Other assets	11	47,736	126,982
Advance tax	3(e)	172,757	172,757
		9,997,150	**10,566,335**
TOTAL ASSETS		**19,857,930**	**19,964,976**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	13	630,000	630,000
Retained earnings		11,905,418	11,876,998
Total equity		**12,535,418**	**12,506,998**
Current liabilities			
Trade and other payables	15	4,726,097	3,072,740
Provisions	16	2,537,500	4,307,000
Employee benefit liability	17	12,800	29,390
Deferred income tax liability	3(d)	46,115	48,848
		7,322,512	**7,457,978**
TOTAL LIABILITIES		**7,322,512**	**7,457,978**
TOTAL EQUITY AND LIABILITIES		**19,857,930**	**19,964,976**

For and on behalf of the Board and in accordance with a resolution of the Directors.

Director　　　　　　　　　　　　Director

The accompanying notes form an integral part of this Statement of Financial Position.

Statements of Changes in Equity

For the year ended 31st March 2015

	Notes	2015 $	2014 $
Issued capital			
Balance at the beginning of the year		630,000	630,000
Movements during the year		-	-
Balance at the end of the year	13	630,000	630,000
Retained earnings			
Balance at the beginning of the year		11,876,998	11,773,084
Net profit for the year		6,028,420	7,303,914
		17,905,418	19,076,998
Dividends paid/proposed	5	(6,000,000)	(7,200,000)
Balance at the end of the year		11,905,418	11,876,998
Total equity and shares		12,535,418	12,506,998

The accompanying notes form an integral part of this Statement of Changes in Equity.

Statement of Cash Flows
For the year ended 31st March 2015

	Note	2015 $	2014 $
Cash flows from Operating Activities			
Profit before tax		6,041,492	7,345,111
Adjustment to reconcile profit before tax to net cash flows			
Non-cash:			
Amortisation of intangible asset		2,477	3,186
Depreciation and impairment of property, plant and equipment		59,578	59,158
Unrealised exchange loss		191,488	240,959
Unrealised exchange gain		(651,133)	(297,813)
Movements in provision for doubtful debts		272,507	75,183
Movements in provision for employee entitlements		(16,590)	(6,846)
Working capital adjustments:			
(Increase) in trade receivables		(514,612)	(607,708)
(Increase)/decrease in inventories		(247,356)	324,035
Decrease/(increase) in prepayments and other assets		79,246	(99,392)
Increase/(decrease) in trade creditors and other creditors		1,608,539	(332,888)
Income tax paid		-	(122,252)
Net cash flows from Operating Activities		**6,825,636**	**6,580,733**
Cash flows used in Investing Activities			
Acquisition of property, plant and equipment		(35,536)	(92,229)
Net cash flows (used in) Investing Activities		**(35,536)**	**(92,229)**
Cash flows used in Financing Activities			
Dividends paid		(7,769,500)	(7,503,000)
Net cash flows (used in) Financing Activities		**(7,769,500)**	**(7,503,000)**
Net (decrease) in cash held		(979,400)	(1,014,496)
Cash at the beginning of the year		3,353,931	4,368,427
Cash at end of year	8	**2,374,531**	**3,353,931**

The accompanying notes form an integral part of this Statement of Cash Flows.

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

1. Corporate Information

The financial statements of the Asian Paints (S.I) Limited ('the company') for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 24th April 2015. Asian Paints (S.I) Limited (the Company) is a limited company incorporated and domiciled in the Solomon Islands.

The principal activities of the company are described in Note 24.

1.2 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings classified as property, plant and equipment, derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The financial statements are presented in Solomon Dollars, except when otherwise indicated.

Statement of compliance

The financial statements of Asian Paints (S.I) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

1.3 Summary of significant accounting policies

a) Foreign currencies

The financial statements are presented in Solomon dollars, which is the company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Any goodwill arising on acquisition of foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

b) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs includes the cost of replacing part of the plant and equipment when that cost in incurred, if the recognition criteria is met .

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in income statement as incurred.

Depreciation is calculated using reducing balance method over the useful life of the asset as follows:

Buildings	5%
Plant and equipment	5% - 25%
Motor vehicles	25%
Furniture and fittings	25%

An item of property, plant and equipment is derecognised upon disposal 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 profit or loss in the year the asset is recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

d) Impairment of non financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds it recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate value model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired assets, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

The following criteria are also applied in assessing impairment of specific assets:

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement.

e) Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date that the company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the year generally established by regulation or convention in the marketplace.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

Amortised cost

Loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

f) Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the income statement.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

g) Inventories

Inventories are stated at the lower of cost (weighted average method) and net realisable value.

Cost includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of raw materials is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

The cost of finished goods includes raw material cost and other direct expenditure and production overhead at normal level of activity.

h) Cash and cash equivalents

Cash comprise cash at bank and short-term deposits with original maturities of 3 months or less. For the purposes of the statement of cash flows cash and cash equivalents consist of cash and cash equivalents as defined above.

i) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

Where the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

j) Employee entitlements

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

k) **Taxes**

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of any unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Goods and Service Tax (GST)

Revenue, expenses and assets are recognised net of the amount of respective sales tax except: where the Goods and Service Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of Goods and Service Tax and included.

The net amount of Goods and Services Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

l) **Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost (inclusive of Consumption Tax where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

m) Revenue recognition

Revenue is recognised to the extend that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales revenue represents revenue earned from the sale of the company's products and is stated net of returns, trade allowances and consumption tax.

n) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.

o) Dividends

Dividends are recorded in the company's financial statements in the year in which the directors approve them.

p) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

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

Operating lease payments are recognised as an expense in income statement on a straight line basis over the lease term.

q) Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

1.4 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2014:

- IFRS 10, IFRS 12 and IAS 27 - Investment Entities - amendments
- IAS 32 - Offsetting Financial Assets and Financial Liabilities - amendments

The adoption of the standards or interpretations is described below:

IFRS 10, IFRS 12 and IAS 27 - Investment Entities - amendments

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated financial statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the company, since none of the entities in the company qualifies to be an investment entity under IFRS 10.

IAS 32 - Offsetting Financial Assets and Financial Liabilities - amendments

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the company, since the company does not have any offsetting arrangements.

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

1.5 Significant accounting judgments, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating Lease Commitments

The company has entered in commercial property leases. The company has determined based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership of the property and so accounts for the contracts as operating leases.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment of non financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Deferred income tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 3.

1.6 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the company's financial statement are listed below. This listing is of standards and interpretations issued, which the company reasonably expects to be applicable at future date. The company intends to adopt those standards when they become effective.

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

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated financial statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the company, since none of the entities in the company qualifies to be an investment entity under IFRS 10.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will berequired to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the company's financial statements.

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

	2015 $	2014 $
2. REVENUE AND EXPENSES		
2.1 Operating revenue		
Sales revenue	16,417,530	19,805,910
2.2 Other operating income	$	$
Other income	1,531	101,452
Realised exchange gain	31,790	58,501
Unrealised exchange gain	651,133	297,813
	684,454	**457,766**
2.3 Operating expenses		
Included in other operating expenses are:	$	$
Auditors' remuneration	32,413	24,861
Bad and doubtful debts	272,507	75,183
Bank charges	23,726	5,485
Realised exchange loss	113,492	22,375
Unrealised exchange loss	191,488	240,959
Royalties	481,539	585,538
Other operating expenses	1,351,819	1,247,680
	2,466,984	**2,202,081**
2.4 Salaries and employee benefits	$	$
Salaries and wages	300,417	249,735
Superannuation contributions	18,849	12,581
Staff costs	320,542	248,892
	639,808	**511,208**
2.5 Depreciation and amortisation	$	$
Depreciation and impairment	59,578	59,158
Amortisation of intangible assets	2,477	3,186
	62,055	**62,344**
2.6 Finance income	$	$
Interest	719	680

3. Income tax

The major components of income tax expense for the years ended 31 March 2015 and 31 March 2014 are:

a) A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 March 2015 and 31 March 2014 is as follows:

	2015 $	2014 $
Accounting profit before income tax	6,041,492	7,345,111
At the rate of 30%	1,812,448	2,203,533
Tax effect of non deductible expenses	(1,800,000)	(2,160,000)
Under provision in/from prior year	624	(2,336)
Income Tax expense attributable to operating profit	**13,072**	**41,197**

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

		2015 $	2014 $
b)	*Current Income tax:*	$	$
	Current income tax charge	(28,257)	-
	Adjustments in respect of prior year	624	(2,336)
	Origination and reversal of temporary differences	40,705	43,533
	Income tax expense	**13,072**	**41,197**
c)	*Deferred income tax at 31 March 2015 and 31 March 2014 relates to the following:*		
	Deferred income tax assets	$	$
	Provision for doubtful debts	109,456	27,704
	Provision for employee entitlements	3,840	8,817
	Tax losses recognised	118,175	89,918
	Unrealised exchange loss	57,446	72,287
	Unrealised exchange gain	(195,340)	(89,344)
	Net deferred income tax assets	**93,577**	**109,382**
d)	*Deferred income tax liability*	$	$
	Other timing differences	(732)	(108)
	Accelerated depreciation for tax purposes	(45,383)	(48,740)
	Net deferred income tax liability	**(46,115)**	**(48,848)**
e)	*Advance tax*	$	$
	Opening balance	(172,757)	(50,615)
	Arising during the year	13,072	41,197
	Arising during the prior year	(13,072)	(41,090)
	Paid during the year	-	(122,249)
	Balance at end of the year	**(172,757)**	**(172,757)**
	Represented on the balance sheet as follows:	$	$
	Deferred income tax asset	93,577	109,382
	Deferred income tax liability	(46,115)	(48,848)
		47,462	**60,534**
4.	**Earnings per share**	$	$
	Net profit for the year	6,028,420	7,303,914
	Number of equity shares fully paid	630,000	630,000
	Basic and diluted earnings per share	**9.57**	**11.59**

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

	2015 $	2014 $
5. Dividends paid and proposed		
Declared during the year:	6,000,000	7,200,000

6. Property, plant and equipment

	$ Buildings	$ Plant & equipment	$ Motor vehicles	$ Furniture & Fittings	$ Total
Cost					
At 31 March 2013	361,341	1,017,477	516,496	89,050	1,984,364
Additions	85,000	-	-	7,229	92,229
At 31 March 2014	446,341	1,017,477	516,496	96,279	2,076,593
Additions	-	30,862	-	4,674	35,536
At 31 March 2015	446,341	1,048,339	516,496	100,953	2,112,129
Depreciation and impairment					
At 31 March 2013	222,934	844,631	427,819	78,878	1,574,262
Depreciation charge	9,380	23,116	22,972	3,690	59,158
At 31 March 2014	232,314	867,747	450,791	82,568	1,633,420
Depreciation charge	10,819	26,851	17,861	4,047	59,578
At 31 March 2015	243,133	894,598	468,652	86,615	1,692,998
Net book value:					
At 31 March 2015	203,208	153,741	47,844	14,338	419,131
At 31 March 2014	214,027	149,730	65,705	13,711	443,173
At 31 March 2013	138,407	172,846	88,677	10,172	410,102

		2015 $	2014 $
7. Intangible assets			
Software costs		103,291	103,291
Amortisation and impairment:			
Opening balance		93,701	90,515
Amortisation		2,477	3,186
Closing balance		96,178	93,701
Net book value:		7,113	9,590
8. Cash and short-term deposits		**$**	**$**
Cash at bank and on hand		2,374,531	3,353,931
9. Trade and other receivables		**$**	**$**
Trade receivables		4,008,625	3,677,562
Related party receivables	19 (b)	31,224	120,182
		4,039,849	**3,797,744**

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. At 31 March 2015, trade receivables at nominal value of $364,852 (2014: $92,345) were impaired and fully provided for. Movements in provision for impairment of receivables were as follows:

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

	2015 $	2014 $
Intangible assets		
Charge for the year	272,507	75,183
Closing balance	**364,852**	**92,345**

9. Trade and other receivables (continued)

At 31 March, the ageing analysis of trade receivables is as follows:

		Neither past due nor impaired	Past due but not impaired		
	Total	< 30 days	30 - 60 days	60 - 90 days	> 90 days
March 2015	4,039,849	822,153	1,302,244	664,173	1,251,279
March 2014	3,797,744	772,799	678,850	584,046	1,762,049

	2015 $	2014 $
10. Inventories		
Packaging materials	66,599	64,677
Finished goods	3,295,678	3,050,244
Total inventories at the lower of cost and net realisable value	**3,362,277**	**3,114,921**
11. Other assets	**$**	**$**
Deposits receivable	16,650	9,000
Staff advances	2,439	510
Prepayments	28,647	26,893
Other receivables	-	8,586
Advance payment	-	81,993
	47,736	**126,982**
12. Loan receivable from related company	**$**	**$**
Asian Paints (International) Limited	7,189,811	6,801,372

On 10th September 2007, the 920,067 preference shares of USD1.00 each held in Asian Paints (International) Limited, together with USD12,708 of dividends receivable from Asian Paints (International) Limited were converted to an unsecured loan. The balance owing at year end amounted to USD 932,775 and an interest of 0.01% is charged annually.

13. Share capital	**$**	**$**
Authorised		
2,000,000 ordinary shares of $1 each	2,000,000	2,000,000
Ordinary shares issued and fully paid		
630,000 ordinary shares of $1 each	630,000	630,000
14. Available for-sale investments	**$**	**$**
Unquoted shares in related entities (at fair value):		
Asian Paints (International) Ltd-Mauritius	2,151,148	2,035,124

The fair value of the unquoted preference shares has been estimated using a valuation technique based on assumptions that are not supported by observable market prices. The valuation requires management to estimate about the expected future cash flows of the shares which are discounted at current rates.

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

Investments in related entities represents the following percentage of ownership:

	Ownership Interest
Asian Paints (International) Limited	Preference shares

		2015 $	2014 $
15. Trade and other payables			
Trade payables		37,469	9,973
Related party payables	19(b)	3,989,006	2,412,212
Other payables		699,622	650,555
		4,726,097	**3,072,740**
Terms and conditions of the above financial liabilities:			
- Trade payables are non-interest bearing and are normally settled on 60-day terms.			
-Other payables are non-interest bearing and have an average term of six months.			
16. Provisions		$	$
Provision for dividend			
Opening balance		4,307,000	4,610,000
Arising during the year		6,000,000	7,200,000
Paid during the year		(6,119,500)	(4,256,056)
Witholding tax on dividends		(1,650,000)	(3,246,944)
Balance at end of the year		**2,537,500**	**4,307,000**
17. Employee benefit liability		$	$
Opening balance		29,390	36,236
Arising during the year		6,640	15,350
Paid during the year		(23,230)	(22,196)
Balance at end of the year		**12,800**	**29,390**
18. Commitments and contingencies		$	$
Operating lease commitments - Company as lessee			
Future commitments in respect of operating lease are as follows:			
Within one year		1,200	1,200
After one year but not more than five years		4,800	4,800
More than five years		16,500	17,700
Minimum lease payment		**22,500**	**23,700**
Contingent liabilities		-	-
Capital commitments		-	-

19. Related party disclosures

(a) Directors

The following were directors of the company during the financial year and at the date of this report:

Joseph Pulikottil — Francis Kelesi

Directors remuneration — Tom Thomas

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

(b) Transactions with related parties

During the year the Company entered into transactions with related parties in the ordinary course of business under normal commercial terms. Significant transactions during the year are as follows:

	2015 $	2014 $
Royalties		
Asian Paints (India) Limited	481,539	585,538
Technical fee	$	$
Asian Paints (SP) Limited, Fiji	258,044	260,121
Sales to related parties	$	$
LKP Hardware	593,708	323,474
Intra group purchases	$	$
Asian Paints (SP) Limited, Fiji	7,447,483	8,975,962
Amount owing to related parties	$	$
Asian Paints (SP) Limited	3,975,811	2,400,742
Asian Paints (Vanuatu) Limited	2,709	-
Asian Paints (India) Limited	10,486	11,470
	3,989,006	**2,412,212**
Due from related parties	$	$
LKP Hardware	31,224	120,182
	31,224	**120,182**
(b) Key management personnel		
Short-term employee benefits	339,391	304,911

20. Financial risk management objectives and policies

Principal financial liabilities comprise trade payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the company's financial statements are market risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency risk

The company has foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Normal currency trading activities foreign exchange risk are not hedged or subject to foreign currency forward exchange contracts.

The following table demonstrates the sensitivity to a reasonably possible change in USD rates, with all other variables held constant, of the company's profit before tax.

	Increase/ decrease in USD rate	Effect on profit before tax
March 2015	+10%	(362,341)
	-10%	442,861

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

	Increase/ decrease in USD rate	Effect on profit before tax
March 2014	+10%	(214,651)
	-10%	262,351

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates primarily to the company's bank overdraft facility which has not yet been utilised. All other financial assets or liabilities are non-interest bearing.

Credit risk

It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the company.

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2015 based on contractual undiscounted payments.

Year ended 31 March 2015	On demand $	1 to 12 months $	1 to 5 years $	> 5 years $	Total $
Trade and other payables	-	4,726,097	-	-	4,726,097
	-	4,726,097	-	-	4,726,097

Year ended 31 March 2014	On demand $	1 to 12 months $	1 to 5 years $	> 5 years $	Total $
Trade and other payables	-	3,072,740	-	-	3,072,740
	-	3,072,740	-	-	3,072,740

Capital Management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the years 31 March 2015 and 31 March 2014.

Capital Management (continued)

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, trade and other payables less cash and cash equivalents. Capital includes equity attributable to equity holders.

	2015 $	2014 $
Trade and other payables	4,726,097	3,072,740
Less cash and short term deposits	(2,374,531)	(3,353,931)
Net debt	2,351,566	(281,191)
Equity	12,535,418	12,506,998
Total capital	12,535,418	12,506,998
Capital and net debt	14,886,984	12,225,807
Gearing ratio	16%	-2%

Notes to and forming part of the Financial Statements For the year ended 31st March 2015

21. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the company's financial instrument that are carried on the financial statements.

	Carrying amount		Fair value	
	2015 $	2014 $	2015 $	2014 $
Financial assets				
Cash and short-term deposits	2,374,531	3,353,931	2,374,531	3,353,931
Trade and other receivables	4,039,849	3,797,744	4,039,849	3,797,744
Available for-sale investments	2,151,148	2,035,124	2,151,148	2,035,124
Loan receivable from related party	7,189,811	6,801,372	7,189,811	6,801,372
Financial liabilities				
Trade and other payables	4,726,097	3,072,740	4,726,097	3,072,740

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets have been calculated using market interest rates.

22. Subsequent events

No matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

23. Segment information

Industry segment

The company operates predominantly in the operation of an efficient and profitable domestic paint manufacturing and retail factory.

Geographical segment

The company operates in Solomon Islands and is therefore one geographical area for reporting purposes.

24. Principal activities

The principal activities of the company in the course of the year were the sale and distribution of paints and paint related products and there has been no significant change in these activities during the year.

25. Company details

Registered Office

Asian Paints (S.I) Limited
c/- Morris & Sojocki Chartered Accountants
1st Floor, City Centre Building
Honiara
Solomon Islands

Number of Employees

As at balance date, the company employed a total of 6 (2014: 6 employees).