BERGER PAINTS BAHRAIN W.L.L.
MANAMA
KINGDOM OF BAHRAIN

Content

Commercial Registration No.	11658
General Manager	Mr. Amit Bose
Registered Office	P. O. Box 26688, Manama, Kingdom of Bahrain.
Bankers	HSBC Bank Middle East Ahli United Bank
Auditors	Deloitte & Touche, P.O. Box 421, Manama, Kingdom of Bahrain.

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Berger Paints Bahrain W.L.L., which c prise the statement of financial position as at March 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements In accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgement, 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 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 present fairly, in all material respects, the financial position of Berger Paints Bahrain W.L.L. as at March 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the Company has maintained proper accounting records and the financial statements have been prepared in accordance with those records. We further report that, to the best of our knowledge and belief, based on the information and explanations provided by the management which were required for the purpose of our audit, we are not aware of significant violations of the relevant provisions of Bahrain Commercial Companies Law 2001 and the Company's Memorandum and Articles of Association having occi ~'d during the year ended March 31, 2015 that might have had a material effect on the business of the Company or on its financial position.

Deloitte & Touche - Middle East
Partner Registration No. 135
Kikhia, Rushdi

Manama, Kingdom of Bahrain
April 21, 2015

Statement of Financial Position

As at March 31, 2015

	Notes	2015 BD	2014 BD
ASSETS			
Non-current assets:			
Property, plant and equipment	5	662,124	568,155
Finance lease receivable	6	12,693	5,438
Total non-current assets		674,817	573,593
Current assets:			
Inventories	7	795,719	754,149
Accounts receivable and prepayments	8	1,162,242	1,129,950
Loan to a related party	9 (b)	-	420,085
Finance lease receivable	6	5,213	5,621
Cash and bank balances		1,117,827	977,538
Total current assets		3,081,001	3,287,343
Total assets		**3,755,818**	**3,860,936**
EQUITY AND LIABILITIES			
Equity:			
Share capital	10	418,000	418,000
Statutory reserve	11	209,000	209,000
Revaluation reserve	5	11,515	11,515
Retained earnings		2,091,794	2,271,507
Total equity		**2,730,309**	**2,910,022**
Liabilities:			
Non-current liability:			
Provision for employees' end-of-service benefits	12	214,827	203,494

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

Statement of Financial Position

As at March 31, 2015

	Note	2015 BD	2014 BD
Current liabilities:			
Accounts payable and accruals	13	810,682	747,420
Total liabilities		1,025,509	950,914
Total equity and liabilities		**3,755,818**	**3,860,936**

These financial statements were approved and authorised for issue on April 21, 2015 by Amit Bose:

Amit Bose
General Manager

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

Statement of Profit or Loss and other Comprehensive Income For the Year ended March 31, 2015

	Notes	For the year ended March 31, 2015 BD	For the year ended March 31, 2014 BD
Sales		**5,568,016**	**5,452,382**
Cost of goods sold		(2,987,105)	(2,989,078)
Gross profit		2,580,911	2,463,304
Other income	14	38,975	28,550
General and administrative expenses		(1,432,354)	(1,312,544)
Selling and distribution expenses		(447,160)	(413,949)
Profit for the year	15	740,372	765,361
Total comprehensive income for the year		**740,372**	**765,361**

Amit Bose
General Manager

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

Statement of Change in Equity

For the Year ended March 31, 2015

	Share Capital BD	Statutory Reserve BD	Revaluation Reserve BD	Retained Earnings BD	Total BD
Balance at March 31, 2013	418,000	209,000	11,515	1,906,146	2,544,661
Total comprehensive income for the year	-	-	-	765,361	765,361
Dividend paid	-	-	-	(400,000)	(400,000)
Balance at March 31, 2014	**418,000**	**209,000**	**11,515**	**2,271,507**	**2,910,022**
Total comprehensive income for the year	-	-	-	740,372	740,372
Dividend paid	-	-	-	(920,085)	(920,085)
Balance at March 31, 2015	**418,000**	**209,000**	**11,515**	**2,091,794**	**2,730,309**

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

Statement of Cash Flows

For the year ended March 31, 2015

	For the year ended March 31, 2015	For the year ended March 31, 2014
Cash flows from operating activities:		
Profit for the year	740,372	765,361
Adjustments for:		
Depreciation of property, plant and equipment	93,942	82,321
Gain on disposal of property, plant and equipment	351	(407)
Provision for employees' end-of-service benefits	38,577	31,278
Impairment losses recognised on receivables	80,367	8,000
Reversal of allowance for slow moving and obsolete inventories	(7,000)	-
	946,609	886,553
Changes in operating assets and liabilities:		
(Increase) / decrease in inventories	(34,570)	62,553
Increase in accounts receivable and prepayments	(112,659)	(73,386)
Increase / (decrease) in finance lease receivables	(6,847)	3,446
Increase / (decrease) in accounts payable and accruals	63,262	(127,480)
Cash from operations	855,795	751,686
Payment of employees' end-of-service benefits	(27,244)	(703)
Net cash from operating activities	**828,551**	**750,983**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(188,262)	(132,840)
Proceeds from disposal of property, plant and equipment	-	481
Net cash used in investing activities	(188,262)	(132,359)
Cash flows from financing activity:		
Dividend paid	(500,000)	(400,000)
Net cash used in financing activity	**(500,000)**	**(400,000)**
Net increase in cash and cash equivalents	140,289	218,624
Cash and cash equivalents at beginning of the year	977,538	758,914
Cash and cash equivalents at the end of the year	**1,117,827**	**977,538**
Comprising:		
Cash and bank balances	**1,117,827**	**977,538**
Non- cash transaction during the year:		
Dividend netted off against related party loan	**420,085**	-

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

Notes to the Financial Statements

For the Year ended March 31, 2015

1. STATUS AND ACTIVITIES:

Berger Paints Bahrain W.L.L. ("the Company") is a limited liability company registered in the Kingdom of Bahrain under commercial registration number 11658 on September 9, 1981 and is engaged in the manufacture and distribution of paints, resins, wood preservatives, industrial sealants and wall coverings.

The Company is a subsidiary of Berger International Limited ("the Parent Company") an entity incorporated in Singapore and Asian Paints Limited, India is the ultimate parent company ("the Ultimate Parent").

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs):

2.1 Standards and Interpretations effective for the current period

The following new and revised standards and interpretations have been adopted in the current year with no material impact on the disclosures and amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

- Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and IAS 27 Separate Financial Statements relating to exception from the requirement to consolidate subsidiaries for eligible Investment Entities.
- IFRIC 21 Levies. IFRIC 21 provides guidance on when to recognise a liability to pay a levy imposed by a government.
- Amendment to IAS 36: Impairment of Assets relating to the disclosure of information about the recoverable amount of impaired assets if the amount is based on fair value less cost of disposal.
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting.

2.2 Standards and Interpretations in issue not yet effective

Management has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
• IFRS 9 Financial Instruments (2014). Replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains requirements for financial instruments with respect to classification and measurement, impairment, hedge accounting and derecognition.	January 1, 2018
• Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9.	January 1, 2018
• IFRS 15 Revenue from Contracts with Customers provides a single, principles based five-step method to be applied to all contracts with customers.	January 1, 2017
• Amendments to IFRS 10 and IAS 28 relating to sale and contribution of assets between an investor and its associates or Joint Venture.	January 1, 2016
• Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations.	January 1, 2016
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Method of Depreciation and Amortisation.	January 1, 2016
• IFRS 14: Regulatory Deferral Accounts.	January 1, 2016
• Amendments to IAS 1: Presentation of Financial Statements under disclosure Initiative.	January 1, 2016

	Effective for annual periods beginning on or after
• Amendment to IFRS 10, IFRS 12 and IAS 28 Amendments regarding the application of consolidation exceptions.	January 1, 2016
• Amendments to IAS 27: Separate Financial Statements. The amendments reinstate the equity method as an accounting option for investment in subsidiaries, joint arrangements and associates in the entity's separate financial statements.	January 1, 2017
• Amendments to IAS 19 Employee Benefits relating to employee contributions to defined benefit plans.	July 1, 2014
• Amendments arising from the Annual Improvements Cycle 2010 – 2012.	July 1, 2014
• Amendments arising from the Annual Improvements Cycle 2011 – 2013.	July 1, 2014
• Amendments arising from the Annual improvements Cycle 2012 – 2014.	January 1, 2016

Management anticipates that all of the above Standards and Interpretations as applicable, will be adopted in the Company's financial statements in future periods and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and applicable requirements of the Bahrain Commercial Companies Law.

Basis of Preparation

The financial statements are prepared under the historical cost convention and accrual basis of accounting as modified for revaluation of buildings on leased land. The financial statements are presented in Bahraini Dinars ("BD"), being the functional currency of the Company. The accounting policies are consistent with those used in the prior years, unless otherwise stated.

The significant accounting policies adopted are as follows:

(a) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Depreciation is charged so as to write off cost of the property, plant and equipment, other than capital work in progress, over their estimated useful lives, using straight line method.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings on Leased Land	25 years
Plant and Machinery	8 to 10 years
Furniture, Fixtures and Equipment	4 to 8 years
Motor Vehicles	4 to 5 years

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sale proceeds and the carrying amount of the asset and is recognised in profit or loss for the year.

(b) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. In the case of finished goods and work in progress, cost comprises material cost plus cost of conversion.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(c) Impairment of Tangible Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(d) Financial Assets

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At present, the financial assets of the Company consist of receivables comprising loan to a related party, trade and other receivable, finance lease receivables and cash and bank balances.

(e) Accounts Receivable

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost, less any impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

(f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>Company as lessor</u>

Amounts due from lessees under finance leases are recorded as receivables at the amount of the entity's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the entity's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

<u>Company as lessee</u>

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(g) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each financial reporting date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(h) Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(i) Defined Benefit Obligation and Provision for Employees End-of-Service Benefits

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. The retirement benefit obligation recognised at the reporting date represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

For Bahraini employees, the Company makes contribution to the Social Insurance Organisation, calculated as percentage of the employees' salaries. The Company's obligations are limited to their contributions, which are expensed when due.

(j) Trade Payables and Accruals

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not. These are carried at amortised cost.

The Company derecognises liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(k) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on a time basis by reference to the principal outstanding and the applicable interest rate.

(l) Offsetting

Financial assets and financial liabilities are offset and reported net in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and when the Company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(m) Foreign Currencies

Transactions in foreign currencies are recognised in functional currency at the rates prevailing at the dates of the transactions. At reporting date, monetary assets and monetary liabilities denominated in currencies other than functional currency are retranslated at the rate of exchange prevailing at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(n) Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(o) Government Grants

Government grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 3, and due to the nature of operation, management did not have to make judgements that may have significant effect on the amounts recognised in the financial statements.

Notes to the Financial Statements
For the Year ended March 31, 2015

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Useful lives property, plant and equipment

The Company's management determines the useful lives of plant and equipment and the related depreciation charge. The depreciation charge for the year will change significantly if the actual life is different from the estimated useful life of the asset. The review carried out by management in the current year did not indicate any necessity for changes in the useful lives of the plant and equipment.

4.2.2 Allowance for doubtful receivables

As described in Note 8, it is the Company's policy to make allowance for doubtful receivables after taking into account the time period for which the amount has been outstanding. On the basis of the Company's policy, management creates an allowance for all receivables outstanding for more than one year and all receivables which are specifically considered to be doubtful.

5. PROPERTY, PLANT AND EQUIPMENT:

	Buildings on Leased Land BD	Plant and Machinery BD	Furniture, Fixtures and Equipment BD	Motor Vehicles BD	Capital Work-in Progress BD	Total BD
Cost or Valuation:						
At March 31, 2013	533,392	882,295	156,552	5,531	3,917	1,581,687
Additions	-	80,219	11,213	9,500	31,908	132,840
Transfer	-	3,917	-	-	(3,917)	-
Disposals	-	-	(10,220)	(5,531)	-	(15,751)
At March 31, 2014	533,392	966,431	157,545	9,500	31,908	1,698,776
Additions	-	131,102	3,865	9,300	43,995	188,262
Disposals	-	(12,485)	(6,356)	-	-	(18,841)
At December 31, 2015	533,392	1,085,048	155,054	18,800	75,903	1,868,197
Accumulated Depreciation:						
At March 31, 2013	399,228	537,351	121,869	5,529	-	1,063,977
Depreciation expense	13,489	57,654	10,228	950	-	82,321
Relating to disposal	-	-	(10,148)	(5,529)	-	(15,677)
At March 31, 2014	412,717	595,005	121,949	950	-	1,130,621
Depreciation expense	13,489	65,059	11,985	3,409	-	93,942
Reclassification	-	-	-	-	-	-
Relating to disposals	-	(12,441)	(6,049)	-	-	(18,490)
At March 31, 2015	426,206	647,623	127,885	4,359	-	1,206,073
Carrying amount:						
At March 31, 2015	107,186	437,425	27,169	14,441	75,903	662,124
At March 31, 2014	**120,675**	**371,426**	**35,596**	**8,550**	**31,908**	**568,155**

Buildings are constructed on land leased from the Government of the Kingdom of Bahrain. The lease was renewed for a further period of twenty-five years starting from July 1, 2001.

Included in the plant and machinery is a machine purchased in the previous year amounting BD 27,719 out of which BD 19,931 was reimbursed from the government as a financial assistance. This amount has been accounted for under IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance* (Note 13).

Notes to the Financial Statements

For the Year ended March 31, 2015

6. FINANCE LEASE RECEIVABLE:

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	BD	BD	**BD**	BD
Amounts receivable under finance leases:				
Within 1 year	23,851	20,928	12,693	5,621
Within 2 to 5 years	6,241	7,959	5,213	5,438
	30,092	28,887	17,906	11,059
Unearned finance income	(12,186)	(17,828)	-	-
Present value of minimum lease payments Receivable	**17,906**	**11,059**	**17,906**	**11,059**

	2015	2014
	BD	BD
Included in the financial statements as:		
Non-current finance lease receivables	12,693	5,438
Current finance lease receivables	5,213	5,621
	17,906	**11,059**

The Company entered into finance leasing arrangements for certain tinting machines. All leases are denominated in Bahraini Dinars. The average finance lease term is two years. The interest rate inherent in the lease is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 15% (2014: 15%) per annum.

7. INVENTORIES:

	2015	2014
	BD	BD
Raw materials	419,655	358,358
Finished goods	277,988	295,154
Packing material	105,212	76,229
	802,855	729,741
Allowance for obsolete and slow moving inventories	(63,723)	(71,723)
	739,132	658,018
Work-in-progress	4,541	6,443
Goods in transit	49,576	77,533
Colour world stock items	2,470	12,155
	795,719	**754,149**

The cost of inventories recognised as an expense during the year ended March 31, 2015, in respect of operations, was BD 2,881,841 (2014: BD 2,876,582).

Notes to the Financial Statements
For the Year ended March 31, 2015

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS:

	2015 BD	2014 BD
Trade receivables	1,538,885	1,484,885
Allowance for doubtful receivables	(401,223)	(378,706)
	1,137,662	1,106,179
Due from a related party (Note 9)	7,577	805
Prepaid expenses	2,029	10,021
Others	14,974	12,945
	1,162,242	**1,129,950**

There is no concentration of customer balances in the trade receivables at the reporting dates.

The average credit period on sales is 90 days. No interest is charged on overdue customers' balances. Trade receivables are provided for based on estimated irrecoverable amounts from the goods or service provided, determined by reference to past default experience.

Included in the Company's trade receivable balance are debtors with a carrying amount of BD 281,061 (2014: BD 316,544) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2015 BD	2014 BD
91 – 120 days	114,160	103,809
121 – 365 days	166,901	212,735
	281,061	**316,544**

Movement in the allowance for doubtful debts is as follow:

	For the year ended March 31, 2015 BD	For the year ended March 31, 2014 BD
Balance at beginning of the year	378,706	370,706
Impairment losses recognised on receivables	80,367	8,000
Written off during the year	(57,850)	-
Balance at end of the year	**401,223**	**378,706**

Allowance for doubtful debts is estimated after taking into account factors such as the time period for which the amounts remain outstanding, type of customers and period for which customer balances have remained inactive.

Aging of impaired receivables is given below:

	2015 BD	2014 BD
121 – 365 days	9,413	4,688
More than 365 days	391,810	374,018
	401,223	**378,706**

9. RELATED PARTY:

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel. Pricing policies and terms of these transactions are approved by the management.

Notes to the Financial Statements
For the Year ended March 31, 2015

(a) During the year the Company entered into the following trading transactions with Asian Paints Limited Group entities:

	For the year ended March 31, 2015 BD	For the year ended March 31, 2014 BD
Purchases	122,968	84,530
Sales	19,843	6,064
General and administrative expenses - Technical fee	154,218	156,228
General and administrative expenses - charged by related parties	22,205	40,446
Selling and distribution expenses charged by related parties	**135,709**	**101,456**

Technical fee is paid to Berger International Limited, Singapore at the rate of 3% of net sales excluding traded items from related parties and other sundry sales.

(b) Loan to a related party represents loan given to Berger International Limited, which was repaid in the current year. The loan was unsecured, interest free and repayable on demand.

(c) Related party balances consist of:

	2015 BD	2014 BD
Due from: (Note 8)		
Asian Paints Middle East L.L.C.	-	805
Berger Paints Emirates Ltd	7,577	-
	7,577	**805**
Due to: (Note 13)		
Berger International Limited	35,911	35,798
Asian Paints Limited	6,945	27,149
Berger Paints Emirates Ltd	25,222	23,975
	68,078	**86,922**

(d) Compensation of key management personnel:

Remuneration of members of key management during the year was as follows:

	For the year ended March 31, 2015 BD	For the year ended March 31, 2014 BD
Short term benefits	73,364	101,407
Long term benefits	3,976	7,527
	77,340	**108,934**

The above compensation was in the form of salaries, allowances and bonuses.

10. SHARE CAPITAL:

The share capital comprises 8,360 authorised, issued and fully paid shares of BD 50 each.

11. STATUTORY RESERVE:

As required by the Bahrain Commercial Companies Law and the Company's Articles of Association 10% of the profit of prior years was transferred to statutory reserve, until the reserve equals 50% of the issued share capital. The reserve is not available for distribution, except in the circumstances stipulated in the Bahrain Commercial Companies Law.

Notes to the Financial Statements

For the Year ended March 31, 2015

12. PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS:

The movement in the provision for employee's end-of-service benefits is as follows:

	2015 BD	2014 BD
At the beginning of the year	203,494	172,919
Additional provision recognised	38,577	31,278
Reduction arising from payments	(27,244)	(703)
At the end of the year	**214,827**	**203,494**

The provision for employees' end-of-service benefits are calculated under the Bahrain Labour Law approximates the liability calculated as per the actuarial valuation carried out at the reporting date.

(a) The most recent actuarial valuation of the present value of the end-of-service benefits were carried out at March 31, 2015 by a qualified actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Project Unit Credit Method, which is the same method that was used in the previous year.

(b) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2015	2014
Discount rate	6.13%	4.95%
Salary escalation rate	6%	6%

13. ACCOUNTS PAYABLE AND ACCRUALS:

	2015 BD	2014 BD
Trade accounts payable	491,265	393,570
Due to related parties (Note 9)	68,078	86,922
Accrued expenses	115,536	109,064
Deferred income – Government Grant (Note 5)	9,839	19,931
Accruals for employee benefits	125,964	137,933
	810,682	**747,420**

There is no interest charge on over due payables to suppliers. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. OTHER INCOME:

	For the year ended March 31, 2015 BD	For the year ended March 31, 2014 BD
Scrap sales	5,973	4,740
Interest income from finance leases	22,383	19,019
Exchange gain	232	791
Others	10,387	4,000
	38,975	**28,550**

Notes to the Financial Statements
For the Year ended March 31, 2015

15. PROFIT FOR THE YEAR:

	2015 BD	2014 BD
Profit for the year has been arrived at after charging:		
Depreciation (Note 5)	93,942	82,321
Impairment losses recognised on receivables (Note 8)	80,367	8,000
Employment costs and benefits	920,472	894,250
Technical fee (Note 9)	**154,218**	**156,228**

16. COMMITMENTS AND CONTINGENT LIABILITIES:

These comprise of:

	2015 BD	2014 BD
Performance guarantees	**10,950**	**10,950**

17. OPERATING LEASE ARANGEMENTS:

The Company as lessee:

(a) Leasing arrangements:

Operating lease relates to land from the Ministry of Development and Industry, Kingdom of Bahrain which was renewed for a further period of twenty five years starting from July 1, 2001. The Company does not have an option to purchase the leased land at the expiry of the lease period.

(b) Payments recognised as an expense:

	2015 BD	2014 BD
Minimum lease payments	**4,446**	**4,446**

(c) Non cancellable operating lease commitments:

	2015 BD	2014 BD
Within one year	4,446	4,446
Second to fifth year	17,782	17,782
After five years	27,784	32,229
	50,012	**54,457**

18. FINANCIAL INSTRUMENTS:

(a) Categories of financial instruments

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include cash and bank balances, receivables, loan to a related party, due from related parties and finance lease receivables.

Financial liabilities of the Company include payables and accrued liabilities and due to related parties.

A summary of financial assets and liabilities is as follows:

Notes to the Financial Statements

For the Year ended March 31, 2015

	2015 BD	2014 BD
Financial assets		
Receivables at amortised cost (including cash and bank balances)	2,295,946	2,528,611
Financial liabilities		
Amortised cost	**800,843**	**727,489**

The risk associated with financial instruments and the Company's approaches to managing such risks are as follows:

(b) Financial Risk Management Objectives

The Company's finance function provides services to the business, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, liquidity risk and market risk (which primarily consists of foreign currency risk and interest rate risk).

(c) Credit Risk Management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit the credit risk with respect of trade debtors by implementing credit policy and procedures. The Company ensures that sales are made only to customers with appropriate credit history and does not allow them to exceed an acceptable credit exposure limit, in addition to the standard process of receivable review.

There is no concentration of credit risk on accounts receivable. The concentration of credit risk on related party balance is given in Note 9. The credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international rating agencies.

The Company has not obtained any collateral of any kind.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses if any, represents the Company's maximum exposure to credit risk:

Financial assets and other credit exposures:	2015 BD	2014 BD
Guarantees provided by the Company to third parties	**10,950**	**10,950**

(d) Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Company management. To mitigate the risk, management has diversified funding sources and assets are managed with a liquidity approach, maintaining a healthy balance of cash and cash equivalents. The Company manages the maturities of the Company's assets and liabilities in a way to be able to maintain adequate liquidity.

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 month BD	1-3 months BD	3 months to 1 year BD	Total BD
2015				
Non-interest bearing	116,413	323,303	361,127	800,843
2014				
Non-interest bearing	**128,266**	**509,863**	**89,360**	**727,489**

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month BD	1-3 months BD	3 months to 1 year BD	1-5 years BD	Total BD
2015						
Non-interest earning	-	1,411,590	851,477	14,973	-	2,278,040
Finance lease receivables	15%	-	-	23,851	6,241	30,092
		1,411,590	**851,477**	**38,824**	**6,241**	**2,308,132**
2014						
Non-interest earning	-	1,303,085	780,632	433,835	-	2,517,552
Finance lease receivables	15%	-	-	20,982	7,959	28,941
		1,303,085	**780,632**	**454,817**	**7,959**	**2,546,493**

(e) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. The Company's activities expose it primarily to the financial risk in changes in foreign exchange rates and interest rate risk.

(i) Currency Risk Management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's financial assets and financial liabilities are mainly denominated in Bahraini Dinars, United States Dollars, United Arab Emirates Dirhams and Saudi Arabian Riyals. As the Bahraini Dinar, United Arab Emirates Dirham and Saudi Arabian Riyal are effectively pegged to the United States Dollar, balances in those currencies are not considered to represent a significant currency risk.

(ii) Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company is not exposed to significant interest risk as there are no significant interest bearing assets or liabilities at the reporting dates.

19. CAPITAL MANAGEMENT:

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's strategy remains unchanged from previous period.

The capital structure of the Company consists of equity comprising share capital, reserves and retained earnings. The Company is debt free at the reporting dates.