BERGER PAINTS SINGAPORE PTE LIMITED

Report of the Directors

The directors present their report together with the audited financial statements of the Company for the financial year ended March 31, 2015.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Jalaj Ashwin Dani
Talekar Swapnil Shrikant (Appointed on July 31, 2014)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Mr Jalaj Ashwin Dani is also a director of Berger International Limited, incorporated in the Republic of Singapore, which owns all the shares of the Company. His interests in shares are recorded in the register of directors' shareholdings kept by the holding company under Section 164 of the Singapore Companies Act and are, therefore, not disclosed in this report.

Except as disclosed above, none of the directors holding office at the end of the financial year had any interests in the share capital or debentures of the Company or any body corporate as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation 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 except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors/and executives of those related corporations.

5 SHARE OPTIONS

(a) Option to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

(b) Option exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

Jalaj Ashwin Dani Talekar Swapnil Shrikant

May 5, 2015

Statement of Directors

In the opinion of the directors, the financial statements as set out on pages 6 to 37 are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015, and of the results, changes in equity and cash flows of the Company for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Jalaj Ashwin Dani Talekar Swapnil Shrikant

May 5, 2015

Independent Auditors' Report

To the Member of Berger Paints (Singapore) Pte Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Berger Paints (Singapore) Pte Ltd (the "Company") which comprise the statement of financial position of the Company 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 of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 37.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore 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 of financial statements that give a true and fair view 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 are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
May 5, 2015

Statement of Financial Position

As at 31st March, 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and bank balances	6	1,576	1,483
Trade receivables	7	5,690	6,327
Other receivables	8	224	1,145
Inventories	9	2,794	2,439
Total current assets		**10,284**	**11,394**
Non-current assets			
Available-for-sale investments	10	4	4
Property, plant and equipment	11	1,509	403
Intangible assets	12	30	30
Deferred tax assets	13	183	122
Total non-current assets		1,726	559
Total assets		12,010	11,953
LIABILITIES AND NET EQUITY			
Current liabilities			
Trade payables and accrued liabilities	14	4,843	4,872
Provisions	15	726	442
Current portion of finance lease	16	10	10
Income tax payable		45	-
Total current liabilities		5,624	5,324
Non-current liability			
Finance lease	16	5	15
Capital and accumulated losses			
Share capital	17	14,542	14,542
Accumulated losses		(8,161)	(7,928)
Net equity		6,381	6,614
Total liabilities and net equity		12,010	11,953

See accompanying notes to the financial statements.

Statement of Profit or Loss and Other Comprehensive Income Year ended 31st March 2015

	Note	2015 $'000	2014 $'000
Revenue	18	20,494	18,187
Other operating income		27	63
Changes in inventories of finished goods			
and work-in-progress		171	(79)
Raw materials and consumables used		(11,061)	(10,668)
Contract costs		(3,279)	(1,076)
Employee benefits expense		(3,990)	(3,753)
Depreciation expense		(135)	(133)
Other operating expenses		(2,525)	(1,897)
(Loss) Profit before tax		(298)	644
Income tax credit (expense)	19	65	(126)
(Loss) Profit for the year, representing total comprehensive (loss) income for the year	20	(233)	518

See accompanying notes to the financial statements.

Statement of Changes in Equity

Year ended 31st March 2015

	Share capital $'000	Accumulated losses $'000	Total $'000
Balance at April 1, 2013	14,542	(8,446)	6,096
Profit for the year, representing total comprehensive income for the year	-	518	518
Balance at March 31, 2014	14,542	(7,928)	6,614
Loss for the year, representing total comprehensive loss for the year	-	(233)	(233)
Balance at March 31, 2015	14,542	(8,161)	6,381

See accompanying notes to the financial statements.

Statement of Cash Flows

Year ended 31st March 2015

	2015 $'000	2014 $'000
Operating activities		
(Loss) Profit before tax	(298)	644
Adjustments for:		
Depreciation expense	135	133
Allowance for doubtful trade debts - outside parties	100	26
Allowance for (Write back of) inventory obsolescence	401	(69)
Provision for warranty	34	43
Provision for demolition cost	300	-
Gain on disposal of plant and equipment	-	(10)
Operating cash flows before movements in working capital	672	767
Trade receivables	537	(1,469)
Other receivables	11	30
Inventories	(756)	(4)
Trade payables and accrued liabilities	(381)	518
Provisions	(50)	(90)
Cash generated from (used in) operations	33	(248)
Income tax paid	(12)	-
Net cash from (used in) operating activities	21	(248)
Investing activities		
Purchase of plant and equipment	(1,241)	(26)
Proceeds from disposal of plant and equipment	-	10
Net cash used in investing activities	(1,241)	(16)
Financing activities		
Repayments of obligations under finance leases	(10)	(10)
Immediate holding company	1,323	154
Net cash from financing activities	1,313	144
Net increase (decrease) in cash and cash equivalents	93	(120)
Cash and cash equivalents at beginning of the year	1,483	1,603
Cash and cash equivalents at end of the year	1,576	1,483

See accompanying notes to the financial statements.

Notes to the Financial Statements

As at 31st March, 2015

1. GENERAL

The Company (Registration No. 193900021Z) is incorporated in Singapore with its registered office and principal place of business at 22 Benoi Sector, Singapore 629854. The financial statements are expressed in Singapore dollars which is also the Company's functional currency.

The principal activities of the Company are those relating to the manufacture and sale of paint and related products.

The financial statements of the Company for the financial year ended March 31, 2015 were authorised for issue by the Board of Directors on May 5, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2014, the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current and prior years.

At the date of authorisation of these financial statements, the following FRSs ad amendments to FRS that are relevant to the Company were issued but not effective:

- FRS 109 Financial Instruments 4
- FRS 115 Revenue from Contracts with Customers 3
- Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative 2
- Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets:

Clarification of Acceptable Methods of Depreciation and Amortisation 2

- Improvements to Financial Reporting Standards (January 2014) 1
- Improvements to Financial Reporting Standards (February 2014) 1
- Improvements to Financial Reporting Standards (November 2014) 2

Notes to the Financial Statements

As at 31st March, 2015

1 Applies to annual periods beginning on or after July 1, 2014, with early application permitted.
2 Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
3 Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
4 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption except for the following:

FRS 115 Revenue from contracts with customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management is currently evaluating the impact of the application of FRS 115.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest rate basis for debt instruments.

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Other financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Certain equity shares held by the Company are classified as being available for sale and are stated at fair value. Fair value is determined with reference to market value. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are 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 investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other 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 certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 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.

For financial assets measured at amortised cost, 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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

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.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

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

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. As permitted by FRS 16 Property, Plant and Equipment, the Company is not required to revalue its assets in accordance with the requirements of FRS 16 as the Company had performed a one-off revaluation on its property, plant and equipment between January 1, 1984 and December 31, 1996 as disclosed in Note 11 to the financial statements.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method on the following basis:

Leasehold property and improvements	- over terms of lease which are from 7% to 10%
Plant and equipment	- 10% to 25%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Construction in progress are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

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

Fully depreciated assets still in use are retained in the financial statements.

INTANGIBLE ASSETS - Intangible assets refer to club memberships with indefinite useful life and are stated at cost less accumulated impairment losses.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the Company reviews the carrying amounts of its 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). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset/cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/cash-generated unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset/cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset/cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

<u>Warranties</u>

Provisions for warranty costs are recognised at the date of sale of the relevant products, based on management's best estimate of the expenditure required to settle the Company's obligation.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- 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.

<u>Rendering of services</u>

Revenue from contracts to provide services is recognised as and when the services are delivered.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash on hand and cash at bank that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, 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.

Critical judgements in applying the Company's accounting polices

Management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

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

Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the Company conducts physical counts on its inventories on a periodic basis in order to determine whether an allowance is required to be made. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

The carrying amount of inventories is disclosed in Note 9 to the financial statements.

Provision for warranty

Provision for warranty relates mainly to sales of paints used in decorative contracts and protective coating during the year. The provision is made on the estimates of the Company's liability based on historical defects claims data associated with similar products.

The carrying amount of provision for warranty is disclosed in Note 15 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2015 $'000	2014 $'000
Financial assets		
Loans and receivables (including cash and bank balances)	7,404	8,858
Available-for-sale financial assets	4	4
Financial liabilities		
Amortised cost	4,858	4,897

(b) Financial risk management policies and objectives

The Company's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

There has been no change to the Company's exposure to financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Company's foreign currency exposures arise primarily from exchange rate movements of the United States dollar against the Singapore dollar. To the extent possible, exposures are minimised through the use of natural hedges that arise from offsetting assets and liabilities denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in United States dollar are as follows:

	Assets		Liabilities	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
United States dollar	452	136	693	491

Foreign currency sensitivity

No sensitivity analysis is prepared as management is of the view that exchange rate movements of the United States dollar against the Singapore dollar will not have a significant impact on the Company's statement of profit or loss and other comprehensive income.

(ii) Interest rate risk management

The Company does not hedge against interest rate risk. No sensitivity analysis has been prepared as management is of the view that fluctuations in interest rates will not have a significant impact on the Company's statement of profit or loss and other comprehensive income.

(iii) Credit risk management

The Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Company only grants credit to creditworthy counterparties. Cash and bank balances are held with creditworthy financial institutions.

To manage credit concentration risks, the Company assesses debtors' credit quality and monitors their balances on an ongoing basis, and implements credit control as well as collection procedures where necessary.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 respectively.

(iv) Liquidity risk management

Liquidity risk is managed by matching the payment and receipt cycle as far as practicable.

Management believes that the Company has sufficient funds generated through operations to meet funding requirements.

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have 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. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
2015						
Non-interest bearing	-	(4,843)	-	-	-	(4,843)
Finance lease liability (fixed rate)	2.2	(12)	(5)	-	2	(15)
		(4,855)	**(5)**	-	**2**	**(4,858)**
2014						
Non-interest bearing	-	(4,872)	-	-	-	(4,872)
Finance lease liability (fixed rate)	2.2	(12)	(17)	-	4	(25)
		(4,884)	**(17)**	-	**4**	**(4,897)**

Non-derivative financial assets

All financial assets except for available-for-sale investments are due on demand or within one year from the end of the reporting period and are non-interest bearing.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their fair values due to the short-term maturity of these financial assets and liabilities. For other classes of financial assets and liabilities, management considers that the carrying amounts recorded at amortised cost in the financial statements approximate their fair values.

(c) Capital risk management policies and objectives

The Company reviews its capital structure on a semi-annual basis to ensure that the Company will be able to continue as a going concern. The capital structure of the Company consists of issued capital less accumulated losses.

The Company's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a wholly-owned subsidiary of Berger International Limited, incorporated in Singapore. The Company's ultimate holding company is Asian Paints Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the group and the effect of these, on the basis determined between the parties, is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand.

Significant intercompany transactions entered into during the year:

	2015 $'000	2014 $'000
Sales to related companies	257	549
Royalty expense to immediate holding company	**(505)**	**(495)**
6 CASH AND BANK BALANCES		
Cash at bank	1,575	1,482
Cash on hand	1	1
Total	**1,576**	**1,483**
7 TRADE RECEIVABLES		
Outside parties	5,737	6,203
Less: Allowance for doubtful debts	(158)	(58)
	5,579	6,145
Related companies (Note 5)	111	182
Total	**5,690**	**6,327**

The credit period on sale of goods ranges from 30 to 90 days (2014 : 30 to 90 days).

The Company has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable. Trade receivables between 0 days and 365 days are provided for based on estimated irrecoverable amounts from the sales of goods, determined by reference to past default experience.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. Limits are renewed at least twice a year. Of the trade receivables balance at the end of the year, $1,072,000 (2014 : $1,450,000) is due from a single customer. There are no other customers who represent more than 10% of the total balance of trade receivables.

Included in the Company's trade receivable balance are debtors with a carrying amount of $3,286,000 (2014 : $3,136,000) which are past due at the end of the reporting period 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. The Company does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Management believes that there is no further allowance required in excess of the allowance for doubtful debts.

The table below is an analysis of trade receivables as at the end of reporting period:

	2015 $'000	2014 $'000
Not past due and not impaired (i)	2,404	3,191
Past due but not impaired (ii)	3,286	3,136
	5,690	**6,327**
Impaired receivables - individually assessed (iii)		
- No response to repayment demands	158	58
Less: Allowance for impairment	**(158)**	**(58)**
	-	-
Total trade receivables, net	**5,690**	**6,327**

(i) Trade receivables that are neither past due nor impaired related to customers that the Company has assessed to be creditworthy, based on the credit evaluation process performed by management. Accordingly, management believes that no allowance for doubtful debts is required.

(ii) Aging of receivables that are past due but not impaired

	2015 $'000	2014 $'000
< 3 months	2,584	2,658
3 months to 6 months	568	298
6 months to 12 months	134	180
	3,286	**3,136**

(iii) These amounts are stated before any deduction for impairment losses, and are not secured by any collateral or credit enhancements.

Movements in the allowance for doubtful debts are as follows:

	2015 $'000	2014 $'000
Balance at beginning of the year	58	32
Allowance made during the year (Note 20)	100	26
Balance at end of the year	**158**	**58**

8 OTHER RECEIVABLES

	2015 $'000	2014 $'000
Immediate holding company (Note 5)	-	910
Outside parties	86	87
Prepayments	86	97
Deposits	52	51
	224	**1,145**

Other receivables are not past due and not impaired. There has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

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

9 INVENTORIES

	2015 $'000	2014 $'000
Raw materials	978	794
Work in progress	167	180
Finished goods	1,649	1,465
	2,794	**2,439**

The cost of inventories recognised as an expense includes $401,000 in respect of allowance made for inventory obsolescence (2014 : $69,000 in respect of reversals of allowances for inventory obsolescence as a result of the inventories being sold above carrying amounts and being consumed in production) (Note 20).

10 AVAILABLE-FOR-SALE INVESTMENTS

	2015 $'000	2014 $'000
Quoted equity shares, at fair value	4	4

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property and improvements $'000	Plant and equipment $'000	Construction in progress $'000	Total $'000
Cost or valuation:				
At April 1, 2013	3,502	6,087	-	9,589
Additions	-	26	-	26
Disposals	-	(852)	-	(852)
Reclassification	-	11	-	11
At March 31, 2014	3,502	5,272	-	8,774
Additions	-	342	899	1,241
Disposals	-	(254)	-	(254)
At March 31, 2015	**3,502**	**5,360**	**899**	**9,761**
At March 31, 2015				
Represented by:				
Cost	1,016	4,611	899	6,526
Valuation	2,486	749	-	3,235
Total	**3,502**	**5,360**	**899**	**9,761**
At March 31, 2014				
Represented by:				
Cost	1,016	4,523	-	5,539
Valuation	2,486	749	-	3,235
Total	**3,502**	**5,272**	**-**	**8,774**
Accumulated depreciation:				
At April 1, 2013	3,452	5,638	-	9,090
Depreciation for the year	19	114	-	133
Disposals	-	(852)	-	(852)
At March 31, 2014	3,471	4,900	-	8,371
Depreciation for the year	14	121	-	135
Disposals	-	(254)	-	(254)
At March 31, 2015	**3,485**	**4,767**	**-**	**(8,252)**
Carrying amount:				
At March 31, 2015	17	593	899	1,509
At March 31, 2014	31	372	-	403

(a) Plant and equipment with carrying value of $8,000 (2014 : $9,000) are held under a finance lease arrangement.

(b) The Company's property, plant and equipment include the leasehold land and buildings and plant and equipment revalued by a firm of professional valuers in March 1988 (based on the existing use basis). The revaluation was performed as a one-off exercise as it is not the Company's policy to carry out a revaluation on a regular basis.

(c) At March 31, 2015 and March 31, 2014, had the leasehold land and buildings and plant and equipment been carried at historical cost less accumulated depreciation and accumulated impairment losses, they would have been fully depreciated.

12 INTANGIBLE ASSETS

	2015 $'000	2014 $'000
Club memberships, at cost	101	101
Less: Accumulated impairment loss	(71)	(71)
	30	**30**

The impairment loss for club memberships was made to more closely reflect the current market price.

13 DEFERRED TAX ASSETS

	2015 $'000	2014 $'000
Deferred tax assets	252	131
Deferred tax liabilities	(69)	(9)
Net position	183	122

The following are the major deferred tax assets and liabilities recognised by the Company, and the movements thereon, during the current and prior reporting periods:

	Unabsorbed capital allowances $'000	Unutilised tax losses $'000	Excess of depreciation over tax allowances $'000	Provisions $'000	Total $'000
Balance at April 1, 2013	43	82	(40)	146	231
Movements during the year	(43)	(76)	31	(21)	(109)
Balance at March 31, 2014	-	6	(9)	125	122
Movements during the year	-	(6)	(60)	127	61
Balance at March 31, 2015	-	-	(69)	252	183

Management has assessed the future income stream of the Company based on its future profit forecasts and projections, as approved by the Board of Directors, and have satisfied themselves that there would be adequate future taxable profit against which the above deferred tax assets can be utilised. As a result, deferred tax assets have been recognised during current and prior years.

14 TRADE PAYABLES AND ACCRUED LIABILITIES

	2015 $'000	2014 $'000
Outside parties and accrued liabilities	4,401	4,847
Ultimate holding company (Note 5)	90	25
Immediate holding company (Note 5)	352	-
	4,843	**4,872**

The credit period on purchases of goods ranges from 30 to 90 days (2014 : 30 to 90 days).

15 PROVISIONS

	2015 $'000	2014 $'000
Provision for product warranty	469	442
Provision for demolition cost	257	-
	726	442
Movements in above provision were as follows:		
Balance at beginning of the year	442	489
Charged to profit or loss (Note 20)	334	43
Amount utilised	(50)	(90)
Balance at end of the year	726	442

The warranty provision represents management's best estimate of the Company's liability for warranties granted on paint products, based on past experience of claims on defective products. The demolition cost provision represents the liability for demolition and reinstatement of the previous ancillary building and the warehouse, located at 22 Benoi Sector, Singapore 629854.

16 OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payments		Fair value of minimum lease payments	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Amounts payable under finance lease:				
Within one year	12	12	10	10
In the second to fifth years inclusive	5	17	5	15
	17	29	15	25
Less: Future finance charges	(2)	(4)	-	-
Present value of lease obligations	15	25	15	25
Less: Amount due for settlement within 12 months			(10)	(10)
Amount due for settlement after 12 months			5	15

The Company leases certain of its plant and equipment under a finance lease. The lease term is 6 years (2014 : 6 years). During the year, the finance lease bore interest at 2.2% (2014 : 2.2%) per annum. Interest rates are fixed at the contract date and thus expose the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance lease are secured by the lessor's charge over the leased asset.

17 SHARE CAPITAL

	2015	2014	2015	2014
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning and end of year	20,774,143	20,774,143	14,542	14,542

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

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

18 REVENUE

	2015 $'000	2014 $'000
Sale of goods	17,208	17,107
Contract revenue	3,286	1,080
	20,494	**18,187**

19 INCOME TAX (CREDIT) EXPENSE

	2015 $'000	2014 $'000
Current tax	7	-
Underprovisionof current tax in prior years	38	-
Deferred tax (Note 13)	(84)	109
Underprovision of deferred tax assets in prior years (Note 13)	23	-
Tax benefits from transfer of group relief to immediate holding company	(61)	-
Foreign withholding tax	12	17
	(65)	**126**

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	2015 $'000	2014 $'000
Profit before tax	(298)	644
Income tax (credit) expense at the statutory rate	(51)	109
Underprovision of current tax in prior years	38	-
Tax effect of non-allowable items	(5)	-
Tax concession	(13)	-
Tax benefits from transfer of group relief to immediate holding company	(61)	-
Others	15	-
Foreign withholding tax	12	17
Total	**(65)**	**126**

20 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2015 $'000	2014 $'000
Director's remuneration	531	447
Foreign exchange adjustmentloss	16	1
Allowance for doubtful trade debts - outside parties (Note 7)	100	26
Allowance for (Write back of)inventory obsolescence (Note 9)	401	(69)
Defined contribution plans included in staff costs	302	281
Cost of inventories recognised as expense	10,890	10,747
Provision for warranty (Note 15)	34	43
Provision for demolition cost (Note 15)	300	-
Gain on disposal of plant and equipment	-	(10)

Included in director's remuneration is an amount of approximately $27,000 (2014 : $16,000) relating to payment for post-employment benefits. The directors of the Company are the only key management personnel of the Company.

21 CONTINGENT LIABILITIES

	2015 $'000	2014 $'000
Performance guarantees issued by a bank on behalf of the Company	1,255	2,066

22 COMMITMENTS

	2015 $'000	2014 $'000
Commitments for the erection of office building and warehouse	4,126	-

23 OPERATING LEASE COMMITMENTS

	2015 $'000	2014 $'000
Minimum lease payments under operating leases recognised as an expense during the year	325	330

At the end of each reporting period, the Company has outstanding commitments under operating leases which fall due as follows:

	2015 $'000	2014 $'000
Within 1 year	362	334
Within 2 to 5 years	1,321	134
More than 5 years	6,804	-
	8,487	**468**

Operating lease payment represents rentals payable for the leasehold property, other property and equipment. The lease from JTC Corporation ("JTC") is for 10 years from August 2005. The Company has received an offer letter from JTC to extend the lease for 18 years from August 2015 subject to certain terms and conditions. The lease rental terms are negotiated yearly and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed 5.5% of the annual rent of preceding year. Such increases are not included in the above amounts. Other leases are negotiated and rentals are fixed for a period between two to five years.