ASIAN PAINTS (SOUTH PACIFIC) LIMITED

Directors' Report

for the year ended 31 March, 2015

In accordance with a resolution of the Board of Directors, the Directors herewith submit the Statement of Financial Position of the company as at 31 March 2015, the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows for the year then ended on that date and report as follows:

Directors

Directors at the date of this report are:

Jalaj Dani	Arvind Kasabia	Joseph Pulikottil (appointed 14 May 2014)
Vinod Patel	Rowena Fong	Tom Thomas (appointed 14 May 2014)

PRINCIPAL ACTIVITIES

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

RESULTS

The operating profit for the year was $3,867,443 (2014: $3,527,616) after providing $865,370 (2014: $786,719) for income tax.

DIVIDENDS

The Directors declared interim dividends of $475,000 for the financial year (2014: Final dividend $2,850,000).

RESERVES

It is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

BAD AND DOUBTFUL DEBTS

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

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

NON CURRENT ASSETS

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

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

UNUSUAL TRANSACTIONS

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the company in the current financial year, other than those reflected in the financial statements.

EVENTS SUBSEQUENT TO REPORTING DATE

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

OTHER CIRCUMSTANCES

As at the date of this report :

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

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

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by 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.

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

Dated this 24th day of April 2015

Director   Director

Statement by Directors

for the year ended 31 March, 2015

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

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

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

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

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

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

(vi) all related party transactions have been adequately recorded in the books of the company.

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

Dated this 24th day of April 2015

Director Director

Independent Audit Report

To the members of Asian Paints (South Pacific) Limited

Scope

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

Directors' and Management's Responsibility for the Financial Statements

The Directors and the Management are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1983. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the Financial Statements.

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

Opinion

In our opinion:

a) proper books of account have been kept by the company, so far as it appears from our examination of those books, and

b) the accompanying Financial Statements which have been prepared in accordance with International Financial Reporting Standards:

i) are in agreement with the books of account;

ii) to the best of our information and according to the explanations given to us:

  a) give a true and fair view of the state of affairs of the company as at 31 March 2015 and of the results, cash flows and changes in equity of the company for the year ended on that date; and

  b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Suva, Fiji

Ernst & Young
Chartered Accountants

24 April, 2015

Statement of Comprehensive Income

for the year ended 31st March, 2015

	Notes	2015 $	2014 $
Continuing operations			
Operating revenue	2	28,804,036	29,291,033
Other income	2	676,622	687,542
Revenue		**29,480,658**	**29,978,575**
Cost of sales		17,203,344	18,770,249
Gross profit		**12,277,314**	**11,208,326**
Salaries and employee benefits	3(a)	(2,980,552)	(2,752,444)
Depreciation and amortisation		(335,389)	(311,772)
Other operating expenses	3(b)	(4,228,560)	(3,829,775)
Operating profit		4,732,813	4,314,335
Finance costs		-	-
Profit before tax from continuing operations		**4,732,813**	**4,314,335**
Income tax expense	4(a)	(865,370)	(786,719)
Profit for the year from continuing operations		**3,867,443**	**3,527,616**
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year, net of tax		3,867,443	3,527,616
Total comprehensive income attributable to:			
Owners of the parent		3,867,443	3,527,616
Non-controlling interests		-	-
		3,867,443	3,527,616
Earnings per share			
basic, for profit for the year attributable to ordinary equity holders	18	8.14	7.43

The accompanying notes form an integral part of the statement of comprehensive income.

Statement of Changes in Equity

for the year ended 31st March 2015

	Notes	2015 $	2014 $
Retained earnings			
Balance at the beginning of the year		14,031,726	10,504,110
Operating profit after tax		3,867,443	3,527,616
Dividends on ordinary shares	5	(3,325,000)	-
Balance at the end of the year		**14,574,169**	**14,031,726**
Reserves			
Balance at the beginning of the year		961,001	961,001
Movement in general reserve		-	-
Balance at the end of the year	14	**961,001**	**961,001**
Share capital			
Balance at the beginning of the year		475,000	475,000
Shares issued		-	-
Balance at the end of the year	14	475,000	475,000
TOTAL EQUITY		**16,010,170**	**15,467,727**

Statement of Financial Position

as at 31st March, 2015

ASSETS	Notes	2015 $	2014 $
Non-current assets			
Property, plant and equipment	6	4,184,562	4,344,717
Intangible assets	7	110,223	83,533
Deferred income tax asset	4(d)	168,542	113,932
Available-for-sale investments	8	805,729	723,395
Other financial assets	9	188,516	147,626
		5,457,572	**5,413,203**
Current assets			
Inventories	10	5,335,374	5,319,813
Trade and other receivables	11	7,220,659	7,606,451
Other assets	12	551,365	583,814
Cash and short term deposits	13(a)	2,885,625	2,404,407
		15,993,023	**15,914,485**
TOTAL ASSETS		**21,450,595**	**21,327,688**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	14	475,000	475,000
Reserves	14	961,001	961,001
Retained earnings		14,574,169	14,031,726
TOTAL EQUITY		**16,010,170**	**15,467,727**
Non current liabilities			
Deferred income tax liability	4(d)	516,216	511,882
Employee benefit liability	17	76,000	76,000
		592,216	**587,882**
Current liabilities			
Trade and other payables	15	4,036,499	4,847,505
Provisions	16	576,875	67,341
Employee benefit liability	17	142,375	121,558
Income tax payable		92,460	235,675
		4,848,209	5,272,079
TOTAL LIABILITIES		**5,440,425**	**5,859,961**
TOTAL EQUITY AND LIABILITIES		**21,450,595**	**21,327,688**

The accompanying notes form an integral part of the statement of financial position.

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

Director

Director

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

	Note	2015 $	2014 $
OPERATING ACTIVITIES			
Profit before tax from continuing operations		4,732,813	4,314,335
Adjustment to reconcile profit before tax to net cash flows			
Non cash:			
Depreciation and amortisation		335,389	311,772
Provision for employee entitlements		20,817	85,240
Fair value (gain) on investment		(82,334)	(24,690)
Gain on disposal of property, plant and equipment		-	(5,390)
Dividend income classified as investing activity		-	(36,943)
Working capital adjustments:			
Decrease/(increase) in trade receivables		385,792	(2,114,306)
Decrease/(increase) in other receivables		32,449	(193,703)
(Increase)/decrease in inventories		(15,561)	85,486
(Decrease)/increase in trade creditors		(811,006)	320,394
Income tax paid		(1,058,861)	(573,111)
Net cash flows from Operating Activities		**3,539,498**	**2,169,084**
INVESTING ACTIVITIES			
Dividends received		-	36,943
Proceeds from sale of plant and equipment		-	5,390
Acquisition of plant and equipment		(201,924)	(1,313,436)
Net cash flows (used in) Investing Activities		**(201,924)**	**(1,271,103)**
FINANCING ACTIVITIES			
Dividends paid to shareholders		(2,815,466)	(495,125)
Net cash flows (used in) Financing Activities		**(2,815,466)**	**(495,125)**
Net increase in cash held		522,108	402,856
Cash at beginning of year		2,552,033	2,149,177
Cash at end of year	13(b)	**3,074,141**	**2,552,033**

The accompanying notes form an integral part of the statement of cash flows.

Notes to and forming part of the Financial Statements

for the period ended 31st March, 2015

1 Corporate Information

The financial statements of Asian Paints (South Pacific) Limited ('the company') for the year ended 31 March 2015 was authorised for issue in accordance with a resolution of the Directors dated 24th April 2015. Asian Paints (South Pacific) Limited is a limited liability company incorporated and domiciled in the Republic of the Fiji Islands.

The principal activities of the company are described in Note 25.

1.2 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Fijian dollars.

Statement of compliance

The financial statements of Asian Paints (South Pacific) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS).

1.3 Summary of significant accounting policies

a) Foreign currencies

The company's financial statements are presented in Fijian dollars, which is the company's functional currency. Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Any goodwill arising on acquisition of foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sales revenue represents revenue earned from the sale of the company's products and is stated net of returns, trade allowances and Value Added Tax.

Dividends

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

c) **Taxes**

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Property, plant and equipment

Construction in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold land	Over period of lease
Buildings	1.5%
Plant and machinery	10% - 33%
Motor vehicles	15% - 20%
Furniture, fittings and office equipment	10% - 33%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

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

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

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

h) Financial instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

The company's financial assets include cash and trade and other receivables.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The company has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

The company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Loan and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 11.

i) Financial instruments - initial recognition and subsequent measurement

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The company had $188,516 (2014: $147,626) held-to-maturity investments for the years ended 31 March 2015 and 2014.

Available-for-sale investments

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the company is unable to trade these financial assets due to inactive markets, the company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity. For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

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

(ii) Impairment of financial assets

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables.

(iii) Financial liabilities

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The company has not designated any financial liabilities as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecogniton

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 23.

i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	-	purchase cost ;
Finished goods and work in progress	-	cost of direct materials and labour and an appropriate portion of fixed and variable overheads but excluding borrowing costs;

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

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

j) Impairment of non financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

l) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m) Employee entitlements

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

n) Trade and other payables

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

o) Comparative figures

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

p) Earnings per share

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

1.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2014:

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

The adoption of the standards or interpretations is described below:

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

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the company, since the company does not have any investment entities that meets the definition under IFRS 10.

IAS 32 - Offsetting Financial Assets and Financial Liabilities - amendments

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

1.5 Significant accounting judgments, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating Lease Commitments

The company has entered into commercial property leases on its investment property portfolio. The company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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, are described below. The company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the company.

Deferred income tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are contained in Note 4.

1.6 Standards issued but not yet effective

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

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the company given that the company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

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

Notes to and forming part of the Financial Statements

for the period ended 31st March, 2015

2. REVENUE AND EXPENSES	2015 $	2014 $
Operating revenue		
Sales revenue	28,804,036	29,291,033
Other income		
Realised exchange gain	305,384	276,511
Unrealised exchange gain	250,029	261,491
Fair value gain on investments	82,334	24,690
Dividend income	-	36,943
Miscellaneous income	38,875	82,517
	676,622	**687,542**

3. PROFIT FROM OPERATIONS	2015 $	2014 $
(a) Salaries and employee benefits comprise:		
Salaries and wages	1,962,841	1,882,510
Staff benefits	778,218	736,129
Superannuation	107,034	90,270
Medical and education expenses	132,459	43,535
	2,980,552	**2,752,444**
(b) Charging as other expenses		
Auditors remuneration	14,000	14,000
Bank charges	26,350	23,532
Doubtful debts	260,253	23,371
Operating lease expense	132,245	117,174
Realised exchange loss	173,746	138,109
Unrealised exchange loss	53,982	84,682
Other operating expenses	3,567,984	3,428,907
	4,228,560	**3,829,775**

Notes to and forming part of the Financial Statements
for the period ended 31st March, 2015

4. INCOME TAX EXPENSE		2015 $	2014 $
(a)	A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the year ended 31 March 2015 and 31 March 2014 is as follows:		
	Accounting profit before income tax	4,732,813	4,314,335
	At the Fiji rate of 20% (2014: 20%)	946,563	862,867
	Tax effect of non deductible expense	(81,193)	(72,248)
	Over provision in prior year	-	(3,900)
	Income Tax attributable to operating profit	**865,370**	**786,719**
(b)	Income statement		
	Current income tax:		
	Current income tax charge	1,014,412	767,198
	Adjustments in respect of previous year	-	(3,900)
	Deferred income tax:		
	Origination and reversal of temporary differences	(149,042)	23,421
	Income tax expense	**865,370**	**786,719**
(c)	Statement of other comprehensive income		
	Deferred tax related to items charged or credited directly to OCI during the year:		
	Net gain/loss on other comprehensive income	-	-
	Income tax charged directly to other comprehensive income	-	-
	Deferred income tax at 31 March 2015 and 31 March 2014 relates to the following:		
	Deferred income tax assets/(liability)	$	$
	Accelerated depreciation for tax purposes	(449,743)	(454,646)
	Provisions for employee entitlements	43,675	34,976
	Provisions for doubtful debts	114,071	62,020
	Unrealised exchange gain	(66,473)	(57,236)
	Unrealised exchange loss	10,796	16,936
		(347,674)	**(397,950)**
	Reflected in the statement of financial position as follows:		
	Deferred income tax asset	168,542	113,932
	Deferred income tax liability	(516,216)	(511,882)
	Deferred income tax liability (net)	**(347,674)**	**(397,950)**
5.	DIVIDENDS PAID AND PROPOSED	$	$
	Declared and paid during the year:		
	Ordinary Shares		
	Final dividends - paid	2,8500,000	-
	Interim dividends - $1.00 per share	3,325,000	-

Notes to and forming part of the Financial Statements

for the period ended 31st March, 2015

6. PROPERTY, PLANT AND EQUIPMENT	Leasehold land and buildings $	Plant & Office equipment, & Motor vehicle $	Total $
Cost			
At 1 April 2013	2,800,537	3,936,566	6,737,103
Additions	1,149,233	112,722	1,261,955
Disposals	-	(12,000)	(12,000)
At 31 March 2014	3,949,770	4,037,288	7,987,058
Additions	43,116	100,729	143,845
At 31 March 2015	**3,992,886**	**4,138,017**	**8,130,903**
Depreciation and impairment			
At 1 April 2013	356,286	3,014,849	3,371,135
Depreciation charge for the year	51,325	231,881	283,206
Disposals	-	(12,000)	(12,000)
At 31 March 2014	407,611	3,234,730	3,642,341
Depreciation charge for the year	59,019	244,981	304,000
At 31 March 2015	466,630	3,479,711	3,946,341
Net book value:			
At 31 March 2015	3,526,256	658,306	4,184,562
At 31 March 2014	3,542,159	802,558	4,344,717
At 1 April 2013	2,444,251	921,717	3,365,968

7. INTANGIBLE ASSETS			
Software costs:			
Opening balance		221,219	169,738
Additions		58,079	51,481
Closing balance		279,298	221,219
Amortisation and impairment:			
Opening balance		137,686	109,120
Amortisation		31,389	28,566
Closing balance		169,075	137,686
Net book value:		110,223	83,533

8. AVAILABLE-FOR-SALE INVESTMENTS			
Unquoted shares in related entities (at fair value):		$	$
Asian Paints (International) Limited		805,729	723,395

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

Investments in related entities represents the following percentage of ownership:

Notes to and forming part of the Financial Statements
for the period ended 31st March, 2015

Asian Paints (International) Limited	Country of Incorporation Mauritius	Ownership Interest Preference shares $	$
9. OTHER FINANCIAL ASSETS			
Held to maturity investments		188,516	147,626
10. INVENTORIES			
Finished goods		1,813,996	2,000,553
Raw materials		2,884,617	2,798,516
Packing materials		206,057	160,038
Other stock		430,704	360,706
Total inventories at the lower of cost and NRV		**5,335,374**	**5,319,813**
11. TRADE AND OTHER RECEIVABLES			
Trade receivables (net)		5,648,337	6,309,369
Receivable from related parties [refer note 19 (d)]		1,572,322	1,297,082
		7,220,659	**7,606,451**

Trade receivables are non interest bearing and are generally on 30-90 day terms. As at 31 March 2015, $570,353 (2014: $310,310) trade receivables were impaired for the company and were fully provided for. A provision for doubtful debts has already been accounted for in the balances above.

					2015	2014
11. TRADE AND OTHER RECEIVABLES						
At 31 March 2015 and 31 March 2014, the ageing analysis of trade receivables is as follows:						
		Neither past due nor impaired	Past due but not impaired			
	Total $	$	< 30 days $	30 - 60 days $	60 - 90 days $	> 90 days $
2015	7,220,659	4,194,652	1,479,174	872,511	488,933	185,389
2014	7,606,451	4,447,047	1,433,628	842,408	522,090	361,278
Movements in the provision for impairment of receivables were as follows:						
Opening balance					310,100	286,729
Charge for the year					260,253	122,115
Utilised/reversed					-	(98,744)
					570,353	**310,100**
12. OTHER ASSETS						
Refundable deposits/prepayments					101,168	47,251
Receivables from related parties [refer note 19 (e)]					134,863	138,635
Other receivables					40,938	184,529
Other current assets					274,396	213,399
					551,365	**583,814**

Notes to and forming part of the Financial Statements
for the period ended 31st March, 2015

13. CASH AND CASH EQUIVALENTS	2015 $	2014 $
a) Cash and cash equivalents		
Cash at banks and on hand	2,885,616	2,404,398
Short term deposits	9	9
	2,885,625	**2,404,407**
Cash at banks earns interest at floating rates based on daily bank deposit rates.		
b) For the purpose of statement of cash flows, cash and cash equivalents comprise the following at 31 March:		
Cash at banks and on hand	2,885,616	2,404,398
Short term deposits	9	9
Held to maturity investments [Note 9]	188,516	147,626
	3,074,141	**2,552,033**
14. SHARE CAPITAL AND RESERVES		
Authorised		
Ordinary shares of $1 each	1,000,000	1,000,000
Ordinary shares issued and fully paid		
475,000 ordinary shares of $1 each	475,000	475,000
SHARE CAPITAL AND RESERVES		
General reserve		
At 31 March 2015	961,001	961,001
The general reserve arose from the conversion of share premium reserve to general reserves with the conversion of preference shares to ordinary shares and transfer of capital reserve that arose from the acquisition of Taubmans Paints (Fiji) Limited being the difference between the fair value of assets acquired and the acquisition price.		
15. TRADE AND OTHER PAYABLES		
Trade and other payables	3,753,076	4,666,111
Owing to related parties [refer note 19 (c)]	283,423	181,394
	4,036,499	**4,847,505**
Terms and conditions of the above financial liabilities are:		
- Trade payables and accruals are on commercial terms and conditions and are payable within 60 - 90 days.		
- For terms and conditions relating to related parties, refer to Note 19.		
16. PROVISIONS		
Provision for dividend		
Opening balance	67,341	562,466
Arising during the year	3,359,559	-
Utilised/paid during the year	(2,850,025)	(495,125)
Closing balance	**576,875**	**67,341**

Notes to and forming part of the Financial Statements

for the period ended 31st March, 2015

17. EMPLOYEE BENEFIT LIABILITY	2015 $	2014 $
Opening balance	197,558	112,318
Arising during the year	91,235	146,558
Utilised/reversed	(70,418)	(61,318)
Closing balance	218,375	197,558
Employee benefit liability is disclosed in the statement of final position as:		
Non current		
Employee benefit liability	76,000	76,000
Current		
Employee benefit liability	142,375	121,558

Employee benefits liability is recognised for employee entitlements in accordance with the policy noted in 1.3(m).

18. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary equity holders of the parent by the weight average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year.

	2015 $	2014 $
The following reflect the income and share data used in the basic and diluted earnings per share computations:		
Basic, for profit for the year attributable to ordinary equity holders	8.14	7.43
Net profit attributable to ordinary equity holders for basic and diluted earnings	3,867,443	3,527,616
Number of equity shares outstanding	475,000	475,000

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

19. RELATED PARTY DISCLOSURES	2015 $	2014 $
a) **Controlling Entities**		
Asian Paints (South Pacific) Limited is a subsidiary of Asian Paints (International) Limited. The ultimate holding company is Asian Paints Limited.		
b) **Transactions with related parties**		
During the year the Holding Company entered into transactions with related parties in the ordinary course of business under normal commercial terms. Significant transactions during the year are as follows:		
Technical/Management fee income	$	$
Asian Paints (Tonga) Limited	25,000	25,000
Asian Paints (S.I) Limited	65,000	65,000
Asian Paints (Vanuatu) Limited	65,000	65,000
Samoa Paints Limited	30,000	30,000
	185,000	**185,000**

Notes to and forming part of the Financial Statements

for the period ended 31st March, 2015

19. RELATED PARTY DISCLOSURES	2015 $	2014 $
Technical/Management fee expense		
Asian Paints Limited	29,968	-
Berger Paints Singapore Pte Limited	65,379	172,979
	95,347	172,979
Dividend income		
Asian Paints (International) Limited	-	36,943
Royalties	$	$
Asian Paints Limited	679,429	664,550
Intra group sales	$	$
Asian Paints (S.I) Limited	1,812,536	1,976,856
Asian Paints (Tonga) Limited	1,473,695	1,387,317
Asian Paints (Vanuatu) Limited	719,257	862,802
Asian Paints Limited	-	2,730
Samoa Paints Limited	1,916	4,389
	4,007,405	**4,234,095**
Intra group purchases	$	$
Asian Paints Limited	168,321	38,280
Berger Paints Singapore Pte Limited	49,147	943,714
	217,468	**981,994**
c) **Amount owing to related parties (trade)**	$	$
Asian Paints (India) Limited	140,557	47,829
Berger Paints Singapore Pte Limited	142,866	133,565
	283,423	**181,394**
d) **Due from related parties (trade)**	$	$
Asian Paints (S.I) Limited	969,356	558,662
Asian Paints (Tonga) Limited	449,113	296,425
Asian Paints (Vanuatu) Limited	135,091	411,941
Samoa Paints Limited	14,148	25,911
Asian Paints Limited	4,614	4,143
	1,572,322	**1,297,082**
e) **Due from related parties (others)**	$	$
Asian Paints (S.I) Limited	45,366	29,017
Asian Paints (Tonga) Limited	20,357	36,091
Asian Paints (Vanuatu) Limited	52,667	47,141
Samoa Paints Limited	12,810	23,098
Asian Paints International	3,663	3,288
	134,863	**138,635**
f) **Compensation of key management personnel of the company**	$	$
Short-term employee benefits	204,719	529,000
Post-employment pension and medical benefits	8,677	98,360
	213,396	**627,360**
g) **Directors**		

The names of persons who were Directors of the company at any time during the financial year are as follows:
Arvind Kasabia, Tom Thomas, Jalaj Dani, Joseph Pulikottil, Rowena Fong and Vinod Patel.

Notes to and forming part of the Financial Statements
for the period ended 31st March, 2015

20. EXPENDITURE COMMITMENTS

a) Capital commitments

At 31 March 2015, the company had no capital commitments (2014: nil).

b) Operating lease commitments

The company has entered into commercial leases on certain motor vehicles. These leases have average life of 4 years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

Future minimum rental payable under non-cancellable operating leases as at 31 March 2015 and March 2014 are as follows:

	$	$
Within one year	166,969	259,597
After one year but not more than five years	174,511	204,973
	341,480	**464,570**

21. CONTINGENT LIABILITIES	2015 $	2014 $
Immigration bonds	61,103	19,513
	61,103	**19,513**

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has various financial assets such as trade receivables, loans to related parties, available-for-sale investments, related party receivables, and cash which arise directly from its operations.

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

Foreign currency risk

The company has transactional currency exposures. Such exposures arises from sales by the company in currency other than Fijian dollars and purchases of raw materials in foreign currency. Foreign currency sales represents 14% of total sales. Foreign currency risk is an inherent business risk as the Reserve Bank of Fiji and banks do not permit hedging.

The following table demonstrates the sensitivity to a reasonable possible change in the US$ and NZ$ exchange rate, with all other variables held constant, of the company's profit before tax.

	Increase/decrease in USD rate	Effect on profit before tax $	Increase/decrease in NZD rate	Effect on profit before tax $
2015	+10%	(294,826)	+10%	(23,513)
	-10%	360,343	-10%	28,739
	-1%			
2014	+10%	(251,810)	+10%	(29,804)
	-10%	307,767	-10%	36,428
	-1%			

Credit risk

It is the company policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. The company trades with only recognised, credit worthy third parties. There are no significant concentrations of credit risk within the company. With respect to credit risk arising from other financial assets of the company which comprise of cash and cash equivalents, available-for-sale financial instruments, and loan notes, the company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these investments.

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financials assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The table below summaries the maturity profile of the company's financial liabilities at 31 March 2015 and 31 March 2014:

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk					
Year ended 31 March 2015	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	$	$	$	$	$
Trade and other payables	-	4,036,499	-	-	4,036,499
	-	4,036,499	-	-	4,036,499
Year ended 31 March 2014	On demand	1 to 12 months	1 to 5 years	> 5 years	Total
	$	$	$	$	$
Trade and other payables	-	4,847,505	-	-	4,847,505
	-	4,847,505	-	-	4,847,505

Capital Management

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

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the years 31 March 2014 and 31 March 2015. The company monitors capital using a gearing ratio which is net debt divided by total capital. The company's policy is to keep the gearing ratio between 20% to 30%.The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity shares attributable to equity holders of the parent less minority interests.

	2015	2014
	$	$
Trade and other payables	4,036,499	4,847,505
Less cash and cash equivalents	(3,074,141)	(2,552,033)
Net debt	962,358	2,295,472
Equity	16,010,170	15,467,727
Total capital	16,010,170	15,467,727
Capital and net debt	**16,972,528**	**17,763,199**
Gearing ratio	6%	13%

Notes to and forming part of the Financial Statements

for the period ended 31st March, 2015

23. FINANCIAL INSTRUMENTS

Fair values

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

	Carrying amount		Fair value	
	2015	2014	2015	2014
	$	$	$	$
Financial assets				
Cash	2,885,625	2,404,407	2,885,625	2,404,407
Available-for-sale investments	805,729	723,395	805,729	805,729
Other financial assets	188,516	147,626	188,516	147,626
	3,879,870	**3,275,428**	**3,879,870**	**3,357,762**
Financial liabilities	$	$	$	$
Bank overdraft	-	-	-	-
Interest bearing loans	-	-	-	-
	-	-	-	-

Market values have been used to determine the fair value of available-for-sale financial assets. The fair values of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loan notes and other financial assets have been calculated using market interest rates.

24. SUBSEQUENT EVENTS

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

25. PRINCIPAL ACTIVITIES

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

26. COMPANY DETAILS

(a) Company Incorporation

The company was incorporated in Fiji under the Companies Act, 1983.

(b) Company Operations

The company's operations is located at 7-9-11 Ruve Place.

(c) Number of Employees

As at reporting date, the holding company employed a total of 76 employees (2014: 74).

Disclaimer on additional Financial Information

The additional financial information, being the attached detailed Income Statement has been compiled by the management of Asian Paints (South Pacific) Limited.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Asian Paints (South Pacific) Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

Detailed Income Statement

for the period ended 31st March, 2015

		2015 $	2014 $
Sales		28,804,036	29,291,033
Less: Cost of materials consumed		17,203,344	18,770,249
Gross margin		11,600,692	10,520,784
Gross margin %		40%	36%
Expenses			
Depreciation		335,389	311,772
Employee remuneration and benefits		2,980,552	2,752,444
Manufacturing, selling, distribution, administration and financial expenses		4,000,832	3,606,984
Realised foreign exchange loss		173,746	138,109
Unrealised foreign exchange loss		53,982	84,682
TOTAL EXPENSES	**(page 34)**	**7,544,501**	**6,893,991**
OTHER INCOME			
Dividend income		-	36,943
Profit on disposal of property, plant and equipment		-	5,390
Realised foreign exchange gain		305,384	276,511
Unrealised foreign exchange gain		250,029	261,491
Fair value gain on investments		82,334	24,690
Other income		38,875	82,517
		676,622	**687,542**
OPERATING PROFIT before income tax expense		**4,732,813**	**4,314,335**

Detailed Income Statement (Contd.)

for the period ended 31st March, 2015

	2015 $	2014 $
Expenses		
Audit fees	14,000	14,000
Advertising and promotion	1,241,772	1,155,087
Bad and doubtful debts	260,253	23,371
Bank charges	26,350	23,532
Depreciation	335,389	311,772
Entertainment	27,486	14,786
Freight	423,742	543,569
General expenses	141,894	165,795
Insurance	159,635	165,417
Legal expenses	25,115	38,134
Light and power	120,997	126,121
Medical and education expenses	132,459	43,535
Printing and stationery	38,003	44,757
Realised foreign exchange loss	173,746	138,109
Relocation, furlough and regional expenses	108,218	64,734
Rent - employee benefits	352,409	329,498
Rent - factory and office	132,245	117,174
Repairs and maintenance	251,544	231,270
Regional expenses	(89,657)	(6,597)
Research and development	641	3,037
Royalty	715,794	597,188
Salaries and wages	1,962,841	1,882,510
Security services	81,867	69,549
Staff benefits	317,591	341,897
Staff gratuity, super and benefits	107,034	90,270
Systems expense	101,153	82,555
TPAF levy and contribution to training	8,099	5,500
Telephone, fax and internet	141,030	115,320
Traveling expenses and accommodation	174,658	73,747
Unrealised foreign exchange loss	53,982	84,682
Water	4,211	3,672
	7,544,501	**6,893,991**