ASIAN PAINTS (MIDDLE EAST) LLC

Commercial registration number	1571133
Members	Al Hassan investment and Trade LLC Asian Paints International (Mauritius)
Board of Directors	Hassan Ali Salman (Chairman) Maqbool Ali Salman Jalaj Ashwin Dani Indrakumar Jaiswal
Bankers	HSBC Bank Oman Bank Muscat Oman Arab Bank Standard Chartered Bank State Bank of India
Registered office	PO Box 462, Al Khuwair PC 133 Muscat Sultanate of Oman
Auditors	BDO Suite No. 601 & 602, Pent House Beach One Building, Way No. 2601 Shatti At Qurum PO Box 1176 PC 112 Ruwi Sultanate of Oman

Independent Auditors' Report

To the members of
Asian Paints (Middle East) LLC

We have audited the accompanying financial statements of Asian Paints {Middle East) LLC ("the Company"), which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of changes in members' equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the management for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Place: Muscat — Bipin Kapur
23 April 2015 — Partner

Asian Paints (Middle East) LLC

Statement of financial position as at 31 March 2015

	Notes	2015	2014
AS5ETS			
Non-current assets			
Property, plant and equipment	5	3,874,899	1,473,004
Non-current portion of finance lease receivable	6	7,990	11,613
Total non current assets		**3,882,889**	**1,484,617**
Current assets			
Inventories	7	892,917	861,540
Trade and other receivables	8	2,489,609	1,739,759
Current portion of finance lease receivable	6	31,276	24,589
Due from a related party	9.	41,479	12,436
Cash and bank balances	23	251,900	437,790
Total current assets		**3,707,181**	**3,076,114**
Total assets		**7,590,070**	**4,560,731**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	1,122,000	1,122,000
Legal reserve	11	294,788	261,393
Retained earnings		1,871,918	1,728,441
Total capital and reserves		**3,288,706**	**3,111,834**
Non-current liabilities			
Term loan	12	2,637,803	-
Employees' terminal benefits	13	148,853	78,837
Deferred tax liability	22	2,391	3,496
Total non current liabilities		**2,789,047**	**82,333**
Current liabilities			
Trade and other payables	14	1,150,265	1,064,007
Due to related parties	9	247,732	302,557
Bank borrowings	15	94,559	-
Bank overdraft	23	19,761	-
Total current liabilities		**1,512,317**	**1,366,564**
Total equity and liabilities		**7,590,070**	**4,560,731**

These financial statements, as set out on pages 3 to 25, were approved and authorised for issue by the Board of Directors.

Chairman

Director

Asian Paints (Middle East) LLC

Statement of comprehensive income for the year ended 31 March 2015
(Expressed in Omani Rial)

	Notes	2015	2014
Turnover	16	6,704,411	6,155,799
Cost of turnover	17	(4,202,356)	(3,766,814)
Gross profit		2,502,055	2,388,985
Other income	18	63,140	49,825
		2,565,195	**2,438,810**
Expenses			
Salaries and other related staff costs	19	(1,075,995)	(820,839)
General, administrative, selling and distribution expenses	20	(1,070,857)	(938,605)
Provision for impaired trade receivables	8	-	(26,573)
Depredation	5	(31,539)	(29,256)
Finance costs	21	(9,248)	(13,420)
		(2,187,639)	**(1,828,693)**
Net profit before tax for the year		377,556	610,117
Income tax expenses	22	(43,604)	(69,531)
Net profit after tax and total comprehensive icome for the year		**333,952**	**540,586**

Asian Paints (Middle East) LLC

Statement of changes in members' equity for the year ended 31 March 2015
(Expressed in Omani Rial)

	Notes	Share capital	Legal reserve	Retained earnings	Total
At 31 March 2013		622,000	207,334	1,241,914	2,071,248
Additional share capital introduced by the members	10	500,000	-	-	500,000
Net profit after tax and total comprehensive icome for the year		-	-	540,586	540,586
Transferred to legal reserve	11	-	54,059	(54,059)	-
At 31 March 2014		1,122,000	261,393	1,728,441	3,111,834
Net profit after tax and total comprehensive icome for the year		-	-	333,952	333,952
Transferred to legal reserve	11	-	33,395	(33,395)	-
pividends for the year 2013-2014	27	-	-	(157,080)	(157,080)
At 31 March 2015		**1,122,000**	**294,788**	**1,871,918**	**3,288,706**

Asian Paints (Middle East) LLC

Statement of Cash Flows for the year ended 31 March 2015
(Expressed in Omani Rial)

	Notes	2015	2014
Operating activities			
Net profit after tax for the year Adjustments for:		333,952	540,586
Depreciation	5	90,687	86,718
Loss on disposal of property, plant and equipment	20	1,589	48
Finance costs	21	9,248	13,420
Deferred tax liability	22	(1,105)	(6,176)
Operating profit before working capital changes		434,371	634,596
forking capital changes			
Inventories		(31,377)	(73,959)
Trade and other receivables		(749,850)	(289,592)
Due from a related party		(29,043)	12,407
Trade and other payables		86,259	20,298
Due to related parties		(54,825)	111,765
Employees* terminal benefits, net		70,016	19,508
Net cash (used in) / provided by operating activities		**(274,449)**	**435,023**
Investing activities			
Purchase of property, plant and equipment	5	(2,494,172)	(705,554)
Net cash used in investing activities		**(2,494,172)**	**(705,554)**
Financing activities			
Net movement in term loan	12	2,637,803	-
Net movement in bank borrowings		94,559	(111,970)
Net movement in finance lease receivables	6	(3,064)	(20,153)
Additional share capital introduced by the members		-	500,000
Dividends paid	27	(157,080)	-
Finance costs paid	21	(9,248)	(13,420)
Net cash provided by financing activities		**2,562,970**	**354,457**
Net (decrease) / increase in cash and cash equivalents		(205,651)	83,926
Cash and cash equivalents, beginning of the year		437,790	353,864
Cash and cash equivalents, end of the year	23	**232,139**	**437,790**

Notes to the financial Statements

For the year ended 31st March 2015

1 Legal status and activities

Asian Paints (Middle East) LLC (“the Company") is a limited liability company registered with the Ministry of Commerce and Industry in accordance with the provisions of the Commercial Companies Law 1974, as amended, of the Sultanate of Oman. The Company’s principal activity is manufacturing and trading of paints and allied products.

The Company's principal place of business is located at Ghala, Sultanate of Oman,

The financial statements were approved for issue by the members on 23 April 2015.

2 Basis of preparation Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS") as promulgated by the International Accounting Standards Board (“IA5B”), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC”) and the requirements of the Commercial Companies Law 1974, as amended, of the Sultanate of Oman.

Basis of preparation

The financial statements have been prepared under the historical cost convention. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates, it also requires management to exercise judgment in the process of applying the Company's accounting policies.

Functional currency

These financial statements are presented in Omani Rial which is the functional and reporting currency of the Company.

Standards, amendments and interpretations issued and effective in 2014 but not relevant The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2014 or subsequent periods, but are not relevant to the Company’s operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 27	Separate Financial Statements	1 January 2014
IAS 32	Financial Instruments - Presentation	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
IAS 39	Financial Instruments - Recognition and Measurement	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 12	Disclosure of Interest in Other Entities	1 January 2014
IFRIC 21	Levies	1 January 2014

Improvements/amendments to IFRS 2011/2013 cycle

Improvements/amendments to IFRS issued in 2011/2013 cycle contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. ‘Improvements to IFRS1 comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company’s annual audited financial statements beginning on or after 1 January 2014 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations issued but not yet effective in 2014

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2014 or subsequent periods have not been early adopted by the Company’s management:

Notes to the financial Statements
For the year ended 31st March 2015

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 16	Property, Plant and Equipment	1 July 2014
IAS 19	Employee Benefits	1 July 2014
IAS 24	Related Party Disclosures	1 July 2014
IAS 38	Intangible Assets	1 July 2014
IAS 40	Investment Property	1 July 2014
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2014
IFRS 2	Share Based Payment	1 July 2014
IFRS 3	Business Combinations	1 July 2014
IFRS 7	Financial Instruments - Disclosures	1 January 2015
IFRS 8	Operating Segments	1 July 2014
IFRS 9	Financial Instruments - Classification and Measurement	1 January 2015
IFRS 13	Fair Value Measurement	1 July 2014
IFRIC 14	Regulatory Deferral Accounts	1 January 2016

There would have been no change in the operational results of the Company for the year ended 31 December 2014 had the Company early adopted any of the above standards applicable to the Company.

Early adoption of amendments or standards in the year 2014

The Company did not early-adopt any new or amended standards in the year 2014.

3. Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial istatements is set out below. These policies have been adopted for all the years presented, unless stated otherwise.

(a) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value, except for freehold land which is not depreciated. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated on the straight-line method to write-off the cost of property, plant and equipment to their estimated residual values over their expected useful economic lives as follows;

Description	Useful life in years
Building	50
Plant and machinery	4-15
Furniture and fixtures	6
Forklifts	4
Office equipment	3
Computer software	3

Freehold land is not depreciated as it is deemed to have an infinite life.

The useful lives and depreciation methods are reviewed regularly and any adjustments required are affected in the change for the current and future years as a change in accounting estimate.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit or loss.

Repairs and maintenance of plant and equipment are charged to the statement of comprehensive income when incurred.

(b) Capital-work-in-progress

Capital-work-in-progress is stated at cost, including borrowing costs incurred for financing the asset. All costs directly incurred during the period related to specific assets are carried under this heading. These are transferred to specific assets and depredated when they are available for use.

(c) Impairment of assets

The carrying values of the Company's assets are reviewed for impairment when there are events or changes in circumstances that indicate that the carrying value may not be recoverable. If any such indication exists and thereupon the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of comprehensive income.

(d) Inventories

Inventories of raw materials, packing materials and colour word items are stated at the lower of cost and net realisable value. Cost, which is determined on the weighted average basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Cost of finished goods includes cost of direct materials, direct labour and applicable overheads. Net realisable value is the estimate of the selling price in the ordinary course of business less any incidental selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

(e) Trade receivables

Trade receivables are carried at their anticipated realisable values. An estimate is made for impaired trade receivables when it is no longer probable that the amount outstanding would be collected in full. Impaired trade receivables are written-off during the year in which they are identified.

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances, net of bank overdraft. In the statement of financial position, bank overdraft is included as part of current liabilities.

(g) Financial liabilities

All the financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.

(h) Trade payables

Trade payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(i) Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Such liabilities are subsequently stated at amortised cost using the effective interest rate method. Any difference between the proceeds {net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Borrowing costs are expensed in the period in which they are incurred. However borrowing costs, that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of the asset till such time as the asset is put to commercial use. Thereafter all the borrowings costs are expensed. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(j) Provisions

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

(k) Employees' terminal benefits

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of comprehensive income as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law and actuarial valuation, based on the employees' accumulated periods of service at the statement of financial position date. This provision is recognised on the accruals basis and is classified as a non- current liability, as it is expected that the employees will continue to work with the Company for a period in excess of twelve months.

(l) Finance lease receivable

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income..

(m) Turnover

Turnover represents the invoice value of goods sold during the year and is recognised, net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount can be measured reliably.

(n) Other income

Other income is accounted for on the accruals basis, unless collectibility is in doubt.

(p) Operating leases

Operating lease is an agreement whereby the lessor retains substantially all the risks and rewards incidental to ownership of an asset. Lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(q) Dividend

Dividend to members is recognised as an appropriation in the statement of changes in members' equity when approved by the members.

(r) Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

(s) Income tax

Income tax on the results for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax-rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the balance sheet liability method providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated that the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

4 Critical accounting judgments and key source of estimation uncertainly

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

Notes to the financial Statements

For the year ended 31st March 2015

The most significant areas requiring the use of management estimates and assumptions in the financial statements relate to:

(i) Economic useful lives of property, plant and equipment;

The Company's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. Economic useful lives of property, plant and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

(ii) Provisions

The Company creates a provision for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 March 2015, the provision for impaired trade receivables amounted to RO96,201 (2014: R0101,915). When evaluating the adequacy of the provision for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired trade receivables recorded in the financial statements.

The Company also creates a provision for obsolete and slow-moving inventories. At 31 March 2015, in the opinion of the Company's management, a provision of R057,826 is required against obsolete and slow-moving inventories (2014: R053,989). Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of the reporting period.

(iii) Going concern

The management of the Company reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the members of the Company ensure that they provide adequate financial support to fund the requirements of the Company to ensure the going concern status of the Company.

(iv) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Notes to the financial Statements

For the year ended 31st March 2015

5. Property, plant and equipment

The movement in property, plant and equipment is as set out below:

2015	Freehold land	Building	Plant and machinery	Furniture and fixtures	Forklifts	Office equipment	Computer software	Capital work-in-progress	Total
Cost									
At 31 March 2014	141,183	519,1B3	650,783	86,606	91,685	23,738	6,107	567,777	2,087,062
Additions during the year	-	-	31,512	3,712	-	4,099	8,554	2,446,295	2,494,172
Disposals during the year	-	-	{19,481}	(1,940)	-	(1,693)	-	-	(23,114)
At 31 March 2015	**141,183**	**519,183**	**662,814**	**88,378**	**91,685**	**26,144**	**14,661**	**3,014,072**	**4,558,120**
Accumulated depreciation									
At 31 March 2014	-	94,131	399,978	41,109	55,510	18,757	4,573	-	614,058
Charge for the year	-	10,368	51,372	10,549	12,996	2,946	2,456	-	90,687
Relating to disposals	-	-	(18,150)	(1,768)	-	(1,606)	-	-	(21,524)
At 31 March 2015	**-**	**104,499**	**433,200**	**49,890**	**68,506**	**20,097**	**7,029**	**-**	**683,221**
Net book amount At 31 March 2015	**141,183**	**414,684**	**229,614**	**38,488**	**23,179**	**6,047**	**7,632**	**3,014,072**	**3,874,899**

2014	Freehold land	Building	Plant and machinery	Furniture and fixtures	Forklifts	Office equipment	Computer software	Capital work-in-progress	Total
Cost									
At 31 March 2013	141,183	440,367	625,812	72,954	63,750	25,299	12,760	13,667	1,395,792
Additions during the year	-	78,816	25,071	14,914	27,935	3,846	862	554,110	705,554
Disposals during the year	-	-	(100)	(1,262)	-	(5,407)	(7,515)	-	(14,284)
At 31 March 2014	**141,183**	**519,183**	**650,783**	**86,606**	**91,685**	**23,738**	**6,107**	**567,777**	**2,087,062**
Accumulated depreciation									
At 31 March 2013	-	84,156	350,096	31,383	44,085	21,313	10,543	-	541,576
Charge for the year	-	9,975	49,981	10,982	11,425	2,812	1,543	-	86,718
Relating to disposals	-	-	(99)	(1,256)	-	(5,368)	(7,513)	-	(14,236)
At 31 March 2014	**-**	**94,131**	**399,978**	**41,109**	**55,510**	**18,757**	**4,573**	**-**	**614,058**
Net book amount At 31 March 2015	**141,183**	**425,052**	**250,805**	**45,497**	**36,175**	**4,981**	**1,534**	**567,777**	**1,473,004**

Notes to the financial Statements

For the year ended 31st March 2015

(c) Capital work-in-progress represents the expenditure incurred on construction of the factory building for the new plant in Sohar which is expected to be completed in June 2015.

(d) Freehold land, though registered in the name of one of the members is held on behalf, and for the beneficial interest, of the Company.

(e) The depreciation charge for the year has been dealt with in the statement of comprehensive income as follows:

	2015	2014
Cost of turnover (Note 16)	59,148	57,462
Expenses	31,539	29,256
	90,687	**86,718**

6. Finance lease receivable

	2015	2014
Non-current portion of finance lease receivable	7,990	11,613
Current portion of finance lease receivable	31,276	24,589
	39,266	**36,202**

The Company enters into finance leasing arrangements for Automated Colour Dispensers, which generally are on 24 months repayment terms.

Future minimum lease payments:	2015	2014
Within one year	74,595	41,666
After one year but not more than five years	11,263	15,338
	85,858	57,004
Less: future finance costs on finance leases	(46,592)	(20,802)
	39,266	**36,202**

7. Inventories

	2015	2014
Raw materials	433,296	427,884
Packing materials	63,280	55,860
Work-in-progress	9,046	26,545
Finished goods	409,324	375,726
Colour world items	35,797	29,514
Less: provision for obsolete and slow-moving inventories	(57,826)	(53,989)
	892,917	**861,540**

The bank holds a commercial mortgage amounting to Rial 450,000 (2014: Rial 450,000) over the inventories.

The movement in provision for obsolete and slow-moving inventories is as follows

	2015	2014
At 1 April	53,989	30,964
Provision for the year (Note 16)	3,837	23,025
At 31 March	**57,826**	**53,989**

8. Trade and other receivables	2015	2014
Trade receivables	1,768,129	1,595,391
Less: provision for impaired trade receivables	(96,201)	(101,915)
Trade receivables - net	1,671,928	1,493,476
Advances against capital expenditure	671,466	122,150
Deposits	10,155	5,030
Pre-payments	59,839	50,873
Other receivables	76,221	68,230
	2,489,609	**1,739,759**

The ageing analysis of unimpaired trade receivables is as follows:

	2015	2014
Up to 6 months	1,559,109	1,434,281
6 to 12 months	112,819	59,195
	1,671,928	**1,493,476**

Trade receivables are generally on 30 to 120 days credit terms and are non-interest bearing.

Trade receivables outstanding for more than 6 months are considered as past due, but not impaired. The management believes that these are recoverable in full.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The carrying amounts of the Company's trade receivables are denominated in Omani Rial.

The movement in provision for impaired trade receivables is as follows:

	2015	2014
At 1 April	101,915	75,342
Provision for the year	-	26,573
Written-back during the year	(5,714)	-
At 31 March	**96,201**	**101,915**

The Company has no concentration of credit risk from the trade receivables since all trade receivable balances constitute less than 10% of the total outstanding receivables as at the statement of financial position date.

The creation and release of provision for impaired trade receivables have been included in the statement of comprehensive income as expenses. Amounts charged to the provision account are generally written-off, when there is no expectation of recovering additional cash.

The fair values of the trade and other receivables are not expected to be significantly different from their carrying values as at 31 March 2015.

9 Related party transactions and balances

The Company, in the ordinary course of business, deals with parties, which fall within the definition of 'related parties' as contained in International Accounting Standard Number 24. The management believes that such transactions are not materially different from those that could be obtained from unrelated parties. The balances due from and to related parties are unsecured, bear no interest, have no fixed repayment terms and have been disclosed separately in the statement of financial position.

Notes to the financial Statements

For the year ended 31st March 2015

Significant transactions during the year with related parties are as follows:

	2015	2014
Parent		
Royalty	127,753	132,146
Purchases	82,765	59,666
Services	50,363	30,742
Fellow subsidiaries		
Royalty	47,326	46,546
Turnover	62,173	84,440
Purchases	233,715	268,064
Services	205,386	207,066

Due from a related party	2015	2014
Al Hassan Engineering Co. SAOG	41,479	12,436
	41,479	**12,436**

Due to related parties Parent	2015	2014
Asian Paints (India) Ltd. Fellow subsidiaries	152,294	134,149
Berger International Limited	47,326	41,892
SCIB Chemicals (Egypt)	82	-
Berger Paints Bahrain WLL	-	821
Berger Paints Emirates Ltd.	48,030	125,695
	247,732	**302,557**

10 Share capital

The share capital, as registered with the Ministry of Commerce and Industry, is RO 1,122,000, comprising of 1,122,000 shares of RO 1 each (2014:1,122,000 shares of RO 1 each).

A break-down of the share captial is as set out below:

Name of the shareholders	Percentage share holding	2015	2014
Al Hassan Investment and Trade LLC	51%	572,220	572,220
Asian Paints International (Mauritius)	49%	549,780	549,780
	100%	1,122,000	1,122,000

11 Legal reserve

In accordance with the provisions of the Commercial Companies Law 1974, as amended, of the Sultanate of Oman, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one- third of the share capital is set aside. During the year ended 31 March 2014, the Company has transferred an amount of Rial 33,395 to the legal reserve (2014 : RO 54,059).

12 Term loan	2015	2014
Term loan	2,637,803	-

Notes to the financial Statements

For the year ended 31st March 2015

The Company has entered into a facitlities agreement for an aggregate amount of RO 3 million with a local commercial bank in the Sultanate of Oman. The facility granted is secured against a mortgage over all the tangible and intangible fixed and future assets including plant and machinery and buildings of the company. The facility letter determines an interest rate of 4% per annum. As at 31 March 2015, the Company has drawn an amount of RO 2,637,803.

13 Employees' terminal benefits

	2015	2014
At 1 April	78,837	59,329
Provision for the year	81,982	21,212
Payments during the year	(11,966)	(1,704)
At 31 March	**148,853**	**78,837**

The number of employees in the Company as at 31 March 2015 are 115 (2014: 109).

14 Trade and other payables

	2015	2014
Trade payables	780,394	742,361
Provision for taxation	57,812	90,650
Accrued expenses	195,344	136,391
Other payables	116,715	94,605
	1,150,265	**1,064,007**

Trade payables are generally settled within 30 to 90 days of the suppliers' invoice date.

15 Bank borrowings

	2015	2014
Clean import loans	94,559	*
	94,559	-

The clean import loan is secured against a commercial mortgage over inventories and an assignment of all trade receivables in favour of the HSBC Bank Oman.

16 Turnover

	Year ended 31 March 2015	Year ended 31 March 2014
Income from sale of paints and allied products	6,704,411	6,155,799
	6,704,411	**6,155,799**

17 Cost of turnover

	Year ended 31 March 2015	Year ended 31 March 2014
Raw materials consumed	3,693,574	3,388,828
Wages	386,116	293,656
Factory overheads	75,780	68,830
Depreciation (Note 5)	59,148	57,462
Net movement in work-in-progress and finished goods	(16,099)	(64,988)
	4,198,519	3,743,788
Provision for slow and non-moving inventories (Note 7)	3,837	23,026
	4,202,356	**3,766,814**

18 Other income

	Year ended 31 March 2015	Year ended 31 March 2014
Interest on leased machines	39,208	36,562
Sale of scrap	13,374	11,960
Write-back of provision for impaired trade receivables	5,714	-
Other miscellaneous income	4,844	1,303
	63,140	**49,825**

19 Salaries and other related staff costs

	Year ended 31 March 2015	Year ended 31 March 2014
Salaries	889,483	731,230
Other related staff costs	186,512	89,609
	1,075,995	**820,839**

20 General, administrative, selling and distribution expenses

	Year ended 31 March 2015	Year ended 31 March 2014
Selling and distribution expenses	630,499	515,602
Royalty	194,533	178,692
Rent	136,628	136,152
Conveyance and vehicle expenses	25,607	22,609
Communication	22,577	20,489
insurance	9,017	9,412
Legal and professional fees	4,128	4,839
Loss on disposal of property, plant and equipment	1,589	48
Miscellaneous expenses	46,279	50,762
	1,070,857	**938,605**

21 Finance costs

	Year ended 31 March 2015	Year ended 31 March 2014
interest on clean import loan	3,131	7,785
Bank charges	6,117	5,635
	9,248	**13,420**

22 Income tax

(a) Provision for income tax has been made after giving due consideration to adjustments for potential allowances and disallowances. Income tax has been agreed with the Oman Tax Authorities up to tax year 2008. The management considers that the amount of additional taxes, if any, that may become payable in relation to the tax years for which assessments are pending would not be material to the Company's financial position as at 31 March 2015.

(b) The movement in current year and deferred taxation provision is as follows:

Notes to the financial Statements

For the year ended 31st March 2015

The movement in the current year is as follows:	2015	2014
At 1 April	90,650	75,754
Provision for the year	44,709	75,708
Less: payments during the year	(77,547)	(60,812)
At 31 March	57,812	90,650

The movement in deferred tax is as follows:	2015	2014
At 1 April	3,496	9,672
Reversed during the year	(1,105)	(6,176)
At 31 March	2,391	3,496

The total income tax expense is as follows:	2015	2014
For current year	42,812	75,707
Far previous year	1,897	-
	44,709	75,707
Less: reversal of deferred tax liability	(1,105)	(6,176)
	43,604	**69,531**

23 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2015	2014
Cash on hand	2,364	1,124
Current account balances with banks	249,536	436,666
	251,900	437,790
Less: bank overdraft	(19,761)	-
	232,139	**437,790**

The current account balances with banks are non-interest bearing.

Bank overdrafts are from a commercial bank in the Sultanate of Oman and bear interest at the rate of 795. The interest rates are subject to re-negotiation with the banks upon renewal of the facilities, which generally takes place on an annual basis. The bank borrowings are secured by the personal guarantee of the members of the Company.

24 Contingent liabilities and capital commitments

(a) Contingent liabilities as at 31 March 2015 amounted to R024,044 which represented outstanding bank guarantees, loan against trust receipts and bills for collections (2014: R094,798).

(b) Capital commitments contracted for at the statement of financial position date amounted to R0662,941 (2014: R0597.040).

25 Financial assets and liabilities and risk management

(a) Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade and other receivables, due from a related party, finance lease receivable, trade and other payables, due to related parties, bank overdraft and bank borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each

Notes to the financial Statements

For the year ended 31st March 2015

(b) Risk management

Risk management is carried out by the Finance Department of the Company under the guidance of the senior management and directors. The senior management and directors provide significant guidance for overall risk management covering specific areas such as credit risk, interest rate risk, foreign exchange risk and investment of excess liquidity.

(c) Capital management

The primary objective if the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise members' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 March 2015 and 2014.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company included within net debt, trade and other payables, due to related parties, bank overdraft and bank borrowings less cash and bank balances. Capital includes share capital, reserves and retained earnings attributable to the members of the Company.

	2015	2014
Trade and other payables	1,150,265	1,064,007
Due to related parties	247,732	302,557
Term loan	2,637,803	-
Bank borrowings	94,559	-
Bank overdraft	19,761	-
Less: cash and bank balances	(251,900)	(437,790)
Net debt	**3,898,220**	**928,774**
Share capital	1,122,000	1,122,000
Legal reserve	294,788	261,393
Retained earnings	1;871,918	1,728,441
Total capital	**3,288,706**	**3,111,834**
Total capital and net debt	**7,186,926**	**4,040,608**
Gearing ratio	**54.24%**	**22.99%**

(c) Capital management

(i) Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with reputable financial institutions with a good credit rating. Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

(ii) Interest rate risk

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

The Company's interest rate risk arises from bank borrowings. The interest rates on term loan and clean import are at commercial rates negotiated with the banks.

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. Sensitivity analysis of interest rates is as follows: If the interest rates were to be 50 basis points higher or lower with all other variables held constant, the Company's profit would increase or decrease by Rial 13,761 (2014 : Rial Nil).

Notes to the financial Statements
For the year ended 31st March 2015

(iii) Currency rate risk

Currency rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. A significant portion of the Company's foreign currency transactions are primarily in United States Dollar which is effectively pegged to the Omani Rial. Accordingly, management assesses the Company's exposure to currency rate risk as insignificant.

(iv) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Company has no significant exposure to investments and, therefore, does not have the risk of fluctuation in prices, the management considers that sensitivity analysis is not necessary due to the Company's limited exposure to price risk.

(v) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly, close to its fair value. Liquidity risk is managed by monitoring on a regular basis to help ensure that sufficient funds are available, including unutilised credit facilities from banks, to meet all liabilities as they fall due.

26 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost method, differences can arise between the book values and the fair value estimates.

in the opinion of the Company's management, the fair values of the financial assets and liabilities are not materially different from their carrying amounts.

27 Dividends paid and proposed

In accordance with a resolution passed by the Board of Directors in the meeting held on 17 June 2014, R0157,080 representing 14% of the share capital of the Company was declared and paid as dividend for the year ended 31 March 2014.

28 Comparative figures

Certain comparative figures of the previous year have been reclassified, wherever necessary, in order to conform with the presentation adopted in the current year. Such reclassifications do not affect previously reported net profit or members' equity.

29 Subsequent events

There were no events occurring subsequent to 31 March 2015 and before the date of the report that are expected to have a significant impact on these financial statements.