DULUXGROUP LIMITED

Appendix 4E
Preliminary Final Report
For the year ended 30 September 2015

ABN: 42 133 404 065
ASX Code: DLX

Investor contact:
Stuart Boxer, Chief Financial Officer and Executive Director, 03 9263 5667
Karen McRae, Investor Relations Manager, 0417 186 500

Media contact:
Lisa Walters, DuluxGroup Corporate Affairs Manager, 03 9263 3652 or 0421 585 750

Disclaimer: Statements contained in the Review of Operations contained on pages 5 to 17, particularly those regarding possible or assumed future performance, estimated Company earnings, potential growth of the Company, industry growth or other trend projections are or may be forward looking statements. Such statements relate to future events and expectations and therefore involve unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward looking statements.

DuluxGroup Limited is an Australian company that owns the Dulux® trade mark in Australia, New Zealand, Papua New Guinea, Samoa and Fiji only. DuluxGroup Limited is not associated with, and has no connection to, the owners of the Dulux® trade marks in any other countries, nor does it sell Dulux® products in any other countries.

Results for Announcement to the Market

DuluxGroup Limited and its controlled entities results for announcement to the market are set out in the table below:

	September 2015	September 2014	Change $'000	Change %
Consolidated revenue from operations	1,687,834	1,611,490	76,344	4.7%
Profit for the period attributable to ordinary shareholders of DuluxGroup Limited	112,773	104,528	8,245	7.9%
Profit for the period attributable to ordinary shareholders of DuluxGroup Limited, before non-recurring items(1)	124,694	111,851	12,843	11.5%

(1) Represents net profit after tax, excluding non-recurring items outlined on page 16. Directors believe that the result excluding these items provides a better basis for comparison from period to period.

Dividends

	Amount per security Cents	Franked amount per security at 30% tax Cents
Final dividend on ordinary shares for the year ended 30 September 2015 (record date 26 November 2015; payment date 15 December 2015)	11.5	11.5
Interim dividend on ordinary shares for the year ended 30 September 2015	11.0	11.0
Final dividend on ordinary shares for the previous corresponding period	10.5	10.5
Interim dividend on ordinary shares for the previous corresponding period	10.0	10.0

The Company's Dividend Reinvestment Plan (DRP) will operate with respect to the final dividend. The last date for receipt of election notices for participation in the final dividend under the DRP is 27 November 2015.

Explanation of Results

Please refer to the 'Review of Operations' for an explanation of the results.

Other Information

	30 September 2015 Cents	30 September 2014 Cents
Net tangible assets backing per ordinary security	30.6	17.4

Audit Statement

This report is based on financial statements which have been audited.

Table of Contents — Page

Review of Operations	5
Consolidated Income Statement	18
Consolidated Statement of Comprehensive Income	19
Consolidated Balance Sheet	20
Consolidated Statement of Changes in Equity	21
Consolidated Statement of Cash Flows	23
Notes to the Consolidated Financial Statements	24
Independent Auditor's Report	66

Review of Operations

Result Summary

- **Sales revenue** of $1,687.8M increased by $76.3M (+4.7%) on the prior year corresponding period ('pcp').
- **EBIT** of $175.3M, increased by 0.1%. Excluding non-recurring items, EBIT was $192.4M, an increase of $8.6M (+4.7%) on the pcp**.** The non-recurring items relate to the restructuring provisions associated with the supply chain investments (building a new state-of-the-art paint factory in Melbourne and establishing a new third party operated distribution centre in NSW) that were announced in March 2015.
- **Net profit after tax (NPAT)**[3] was $112.8M, an increase of 7.9% over the pcp equivalent of $104.5M. NPAT excluding non-recurring items[4] was $124.7M, an increase of 11.5% over the pcp equivalent of $111.9M.
- **Operating cash flow** was $156.5M, an increase of 30.2%. Excluding non-recurring items, operating cash flow increased 9.1%.
- **Net debt to EBITDA**[6] ended the period at 1.2 times, which represents an improvement from 1.5 times at both September 2014 and March 2015.
- **A final dividend of** 11.5 cents per share, taking total dividends for the year to 22.5 cents, fully franked, an increase of 9.8% on the pcp.

Results	**Full year ended 30 September**		
A$M	**2015 Actual**	**2014 Actual**	**% Change**
Sales revenue	1,687.8	1,611.5	4.7%
EBITDA [1]	210.2	210.3	(0.0%)
EBITDA excluding non-recurring items [2]	*227.3*	*219.0*	*3.8%*
EBIT	**175.3**	**175.1**	**0.1%**
EBIT excluding non-recurring items [2]	*192.4*	*183.8*	*4.7%*
Net finance costs	(21.3)	(26.2)	18.7%
Tax expense	(42.8)	(46.1)	7.2%
Non-controlling interests	1.5	1.7	(11.8%)
Net profit after tax (NPAT) [3]	**112.8**	**104.5**	**7.9%**
NPAT excluding non-recurring items [4]	*124.7*	*111.9*	*11.5%*
Operating cash flow	156.5	120.2	30.2%
Operating cash flow excluding non-recurring items [5]	*156.5*	*143.5*	*9.1%*
Net debt inclusive of USPP hedge value [6]	276.9	332.2	16.6%
Net debt to EBITDA [6]	1.2	1.5	20.0%
Diluted earnings per ordinary share (EPS) (cents)	29.2	27.5	6.2%
Diluted EPS excluding non-recurring items (cents) [7]	*32.3*	*29.4*	*9.9%*
Final dividend per share (cents)	11.5	10.5	9.5%
Total dividend per share (cents)	22.5	20.5	9.8%

Note: Numbers in this Review of Operations are subject to rounding. 'nm' = not meaningful. '~' = approximately.

1. EBITDA – represents EBIT plus depreciation and amortisation.
2. EBIT excluding non-recurring items and EBITDA excluding non-recurring items – refer to note 3 in the financial statements. Directors believe that the result excluding these items provides a better basis for comparison from year to year.
3. Net profit after tax (NPAT) – represents 'Profit for the year attributable to ordinary shareholders of DuluxGroup Limited' per the financial statements.
4. NPAT excluding non-recurring items – represents NPAT, excluding the non-recurring items outlined on page 16. Directors believe that the result excluding these items provides a better basis for comparison from year to year.
5. Operating cash flow excluding non-recurring items – the equivalent of 'Net cash inflow from operating activities', less the cash component of the non-recurring items outlined on page 16.
6. Net debt inclusive of USPP hedge value and Net debt to EBITDA – refer to note 19 in the financial statements.
7. Diluted EPS excluding non-recurring items – represents diluted EPS adjusted for the non-recurring items outlined on page 16.

Review of Operations (continued)

Result by Segment

Key components of the result include:

- Business EBIT growth of 4.7% before Corporate costs;
- 5.7% EBIT growth from Paints and Coatings ANZ reflects continued strong performance from the Australian business, partly offset by a modest decline in the New Zealand business following the exit from Mitre 10 New Zealand late in the year;
- The Consumer and Construction Products ANZ result reflects revenue and EBIT growth from Selleys, offset by revenue and EBIT decline in Parchem (tough infrastructure markets and a poor result for the equipment business). Parchem has been restructured and leaves the year with a stronger exit rate;
- The Garage Door and Openers result reflects the net result of a weaker first half (transitional issues associated with new product launch and realignment of dealer network) and growth in the second half;
- The Cabinet and Architectural Hardware result reflects strong revenue growth with modest flow through to EBIT due to FX driven margin compression; and
- EBIT growth in Other businesses due to Yates revenue and margin growth, China margin improvement and Papua New Guinea (PNG) foreign exchange translation benefit.

Sales and EBIT by segment	**Full year ended 30 September**		
A$M	**2015 Actual**	**2014 Actual**	**% Change**
Sales revenue			
Paints & Coatings ANZ	870.8	821.6	6.0%
Consumer & Construction Products ANZ	266.2	265.9	0.1%
Garage Doors & Openers	169.5	169.8	(0.2%)
Cabinet & Architectural Hardware	172.8	159.6	8.3%
Other businesses	221.6	207.7	6.7%
Eliminations	(13.1)	(13.0)	(0.8%)
Total sales revenue	**1,687.8**	**1,611.5**	**4.7%**
EBIT, excluding non-recurring items			
Paints & Coatings ANZ	146.8	138.9	5.7%
Consumer & Construction Products ANZ	29.2	29.8	(2.0%)
Garage Doors & Openers	17.1	18.2	(6.0%)
Cabinet & Architectural Hardware	9.0	8.9	1.1%
Other businesses	15.9	12.2	30.3%
Business EBIT	**217.9**	**208.1**	**4.7%**
Corporate	(25.6)	(24.3)	(5.3%)
Total EBIT, excluding non-recurring items	**192.4**	**183.8**	**4.7%**

Further discussion on the results of the segments follows from page 10.

Review of Operations (continued)

Non-recurring Items

Non-recurring items for 2015 and 2014 are detailed later in this report. The major items are:

2015: Adverse impact of $17.0M pre-tax; $11.9M post-tax

- Provisions associated with the supply chain investments (new paint factory and new distribution centre) announced and recognised in March 2015. Please refer to page 15 for further details.

2014: Adverse impact of $8.7M pre-tax; $7.3M post-tax

- Alesco integration costs totalling $5.3M (pre-tax) and the reversal of an excess tax provision relating to the New Zealand Inland Revenue Department proceedings of $5.9M (pre-tax); and
- A non-cash impairment charge of $9.2M (pre-tax) relating to our investment in China.

Refer to page 16 for further details.

Other Items

Corporate Costs were up $1.3M, or 5.3%. The adverse long service leave provision impact recognised in the first half due to lower bond rates was largely offset in the second half following the required adoption of the Australian Corporate Bond rate for the purpose of discounting the non-current liability (previously government bond rates were used). Other costs were within expectations.

Net finance costs of $21.3M reflects an average all-in net cost of debt of 5.2% (including commitment fees and amortisation of facility establishment fees, but excluding discounting of provisions). Net finance costs also includes an additional $1.0M (non-cash) charge relating to the unwinding of discounting of the supply chain provisions that were recognised in the first half. This unwinding will continue until the projects are complete (please refer to the Supply Chain Investments section on page 15 in this report for further detail).

Despite this, net finance costs were $4.9M lower than the pcp due to a combination of lower prevailing interest rates (both base rates and margins) and lower average debt throughout the year compared to the pcp.

Income tax expense of $42.8M. Excluding non-recurring items, the effective rate was 28.0% due mainly to one-off benefits. We expect to revert to a tax rate of 29-30%.

Final dividend of 11.5 cents per share, taking the full year dividend to 22.5 cents, fully franked, an increase of 9.8% on the pcp, which represents a 70% payout ratio based on NPAT before non-recurring items. The Company’s dividend reinvestment plan (DRP) will operate with respect to this dividend. There will be no discount on the DRP. The shares required to satisfy the DRP will be acquired on market.

Review of Operations (continued)

Balance Sheet

Comments by exception are as follows:

- **Trade working capital**[1] **(TWC)** increased by $20.2M from September 2014, due to strong September sales, and increased inventory on hand as part of the new Dulux Wash & Wear launch in late 2015. TWC as a percentage to sales was higher than the pcp at 15.1% (pcp 14.5%);
- **Rolling TWC to rolling sales**[2] was 15.2%, marginally unfavourable to September 2014 (15.1%), but slightly favourable to March 2015 (15.3%);
- **Intangible assets** increased by $7.2M, largely due to the acquisition of Porter's Paints;
- The **defined benefit fund liability** increased by $7.6M from September 2014 due largely to the outcome of the annual actuarial reassessment of the fund liability at September 2015. This is a balance sheet adjustment only, with an equal amount reflected in retained earnings;
- **Provisions (excluding tax)** have increased $14.9M from the pcp. This increase is primarily due to the provisions associated with the supply chain investments;
- **Net tax balances** have decreased since September 2014, mainly due to a higher tax provision (higher profits and the timing of tax payments), partly offset by deferred tax balances associated with the supply chain investments; and
- **Net debt** inclusive of the USPP hedge value reduced significantly in FY15, from $332.2M to $276.9M.

Balance Sheet	**Sept**	**Sept**
A$M	**2015 Actual**	**2014 Actual**
Inventories	216.0	203.7
Trade debtors	253.2	227.9
Trade creditors	(214.8)	(197.4)
Total trade working capital [1]	254.4	234.2
Non trade debtors [3]	14.8	15.8
Tax balances (net)	17.8	20.4
Property, plant & equipment	261.9	262.0
Intangible assets	232.1	224.9
Investments	6.3	5.4
Non trade creditors [4]	(52.8)	(54.2)
Defined benefit fund liability	(22.1)	(14.5)
Provisions (excluding tax)	(83.8)	(68.9)
Net debt inclusive of USPP hedge value [5]	(276.9)	(332.2)
Other	(0.4)	(1.3)
Net Assets	**351.2**	**291.7**

1. Trade working capital (TWC) – represents the net trade receivables portion of 'trade and other receivables' plus 'inventory', less the trade payables portion of 'trade and other payables', per the financial statements.
2. Rolling TWC to rolling sales – calculated as the 12 month rolling average of month end TWC balances divided by the most recent 12 months sales revenue. This figure is not directly extracted from the financial statements.
3. Non trade debtors – represents the 'other receivables' portion of 'trade and other receivables', and 'other assets', per the financial statements.
4. Non trade creditors – represents the 'other payables' portion of 'trade and other payables', per the financial statements.
5. Net debt inclusive of USPP hedge value – refer to note 19 in the financial statements.

Review of Operations (continued)

Cash Flow

Operating cash flow excluding non-recurring items was $13.0M or 9.1% higher than the pcp. In addition to higher EBITDA excluding non-recurring items, key drivers were:

- **TWC movement** ($10.3M unfavourable compared to the pcp) due to the higher level of inventory and debtors at September 2015;
- **Interest paid** ($8.4M favourable compared with the pcp) due to the flow through of the lower interest expense and timing of interest payments that adversely affected the pcp; and
- **Income taxes paid** ($3.8M favourable to the pcp) mainly due to two months of extra tax instalments paid in 2014 with the transition from a quarterly to monthly PAYG tax payment schedule.

Cash conversion excluding non-recurring items was 83%, in line with the pcp and our 80%+ target.

Key drivers of the remainder of the cash flow are:

- Investing cash outflows increased by $21.3M, due to the acquisition of Porter's Paints in June 2015 and the disposal of the Opel business in the pcp; and
- Capital expenditure decreased $1.2M on the pcp, despite including $4.7M relating to the new paint factory project.

Refer to page 16 for details on the cash flow impact of non-recurring items.

Statement of Cash Flows	Full year ended 30 September		
A$M	**2015 Actual**	**2014 Actual**	**% Change**
Operating cash flows excluding non-recurring items			
EBITDA	227.3	219.0	3.8%
Trade working capital movement	(18.6)	(8.3)	(124.1%)
Other	4.2	1.5	180.0%
Income taxes paid	(39.5)	(43.3)	8.8%
Net interest paid	(16.9)	(25.3)	33.2%
Operating cash flow excluding non-recurring items	**156.5**	**143.5**	**9.1%**
Non-recurring items	-	(23.3)	
Operating cash flow	**156.5**	**120.2**	30.2%
Net investing cash flows			
Capital expenditure [1]	(29.4)	(30.6)	3.9%
Acquisitions [2]	(11.5)	(0.2)	nm
Disposals [3]	0.3	11.2	(97.3%)
Dividends received	-	0.3	(100.0%)
Investing cash flow	**(40.6)**	**(19.3)**	(110.4%)
Financing cash flow before debt movement	**(57.0)**	**(42.1)**	(35.4%)
Total cash flow before debt movement	**58.9**	**58.7**	0.3%
Cash conversion excluding non-recurring items [4]	**83%**	**83%**	

1. Capital expenditure – represents the 'payments for property, plant and equipment' and 'payments for intangible assets' per the financial statements.
2. Acquisitions – represents 'payments for purchase of businesses, net of cash acquired', net of 'proceeds from price adjustment on purchase of controlled entities'.
3. Disposals – represents 'proceeds from disposal of business' and 'proceeds from sale of property, plant and equipment'.
4. Cash conversion – is calculated as EBITDA excluding non-recurring items, add/less movement in trade working capital and other, less minor capital spend (capital expenditure less than $5.0M), as a percentage of EBITDA excluding non-recurring items.

Review of Operations (continued)

Segment Commentary – Paints and Coatings ANZ

EBIT of $146.8M excluding non-recurring items, up 5.7%.

Strong performance in Australia partially offset by weaker New Zealand performance.

Paints & Coatings ANZ	**Full year ended 30 September**		
A$M	**2015 Actual**	**2014 Actual**	**% Change**
Sales revenue	870.8	821.6	6.0%
EBITDA excluding non-recurring items	165.1	156.5	5.5%
EBIT excluding non-recurring items	146.8	138.9	5.7%
EBIT % Sales excluding non-recurring items	*16.9%*	*16.9%*	
Non-recurring items	(13.8)	-	

* *The non-recurring item in FY15 is the restructuring provision associated with the new paint factory project and ~60% of the closure provision associated with the new NSW distribution centre project. Please refer to pages 15 and 16 for further information.*

Sales revenue up $49.2M (+6.0%)

- Overall market volume growth of ~5%:
  - Within the Australian decorative paint market, the core premium renovation and repaint markets (~75% of market volume) grew ~5% (excluding additional stock build in Retail channels, we estimate the underlying growth rate to have been ~3%), new housing (~20% of market volume) grew ~15% and commercial (~5% of market volume) grew ~3.5%;
  - The texture coatings market also grew strongly due to new housing market exposure;
  - Other markets including New Zealand and woodcare grew at lower rates; and
  - The protective coatings market continued to decline, reflecting soft infrastructure and mining markets.
- Market share grew in the renovation and repaint market in Australia, particularly late in the year following the launch of the new Dulux Wash & Wear range. In other markets, share generally held, including in new housing where our overall share is lower.
- Price outcomes were neutral overall, consistent with the flat input cost environment (refer below) and there was a small FX benefit from New Zealand.

EBIT growth of $7.9M (+5.7%) before non-recurring items

- As foreshadowed, input costs were relatively flat with the benefit of a lower oil price (which impacts latex) and lower titanium dioxide prices, offset by the impact of a weaker Australian dollar and modest increases in other items.
- EBIT margin was in line with guidance at the half year, and was achieved while increasing marketing spend. The first half EBIT margin skew reflected the earlier timing of Easter compared to the prior year, as outlined at the half. Adjusting for this, EBIT margins were essentially in line with the prior year for both halves.
- The exit from Mitre 10 New Zealand late in the year adversely impacted EBIT, though this impact was absorbed within the overall divisional result. In FY16 we expect that EBIT in New Zealand (which is ~10% of this segment's EBIT) will be broadly flat on FY15 for the full year, but with an adverse outcome relative to the prior year in the first half, given the timing of the transition. This business is still delivering excellent returns and we remain confident about the medium term outlook post the FY16 transition.

Review of Operations (continued)

Segment Commentary – Consumer and Construction Products ANZ

EBIT of $29.2M excluding non-recurring items, down 2%.

Selleys growth partially offset Parchem decline.

Consumer & Construction Products ANZ	**Full year ended 30 September**		
A$M	**2015 Actual**	**2014 Actual**	**% Change**
Sales revenue	266.2	265.9	0.1%
EBITDA excluding non-recurring items	32.6	33.8	(3.6%)
EBIT excluding non-recurring items	29.2	29.8	(2.0%)
EBIT % Sales excluding non-recurring items	*11.0%*	*11.2%*	
Non-recurring items	(3.2)	-	

* The non-recurring item in FY15 is ~40% of the closure provision associated with the new NSW distribution centre project. Please refer to pages 15 and 16 for further information.

Sales revenue up $0.3M (+0.1%)

- Selleys sales revenue grew in markets that grew modestly, underpinned by a continued focus on its core sealants and adhesives products.
- Parchem sales were adversely impacted by a decline in resources infrastructure spend. In the core construction chemicals segments (55% of revenue), share gains partially offset market declines. Sales also declined in the decorative concrete business, as we reduce the focus on low margin commodity products to higher margin Avista branded products, and in New Zealand in line with weaker markets in Christchurch. The equipment business (15% of sales) was also weak but stabilised late in the year as our “fix” strategies progressed.

EBIT decline of $0.6M (-2.0%) before non-recurring items

- Selleys profit and EBIT margin increased due to revenue growth together with good margin control due to favourable product mix and cost control. At the same time marketing investment increased.
- Parchem profit declined as a result of the lower sales and some margin compression, given competitive intensity in a soft market.
- During the second half, the first phase of a restructuring program focused on Parchem’s construction chemicals business was completed, with the benefits exceeding the implementation costs within the half. The exit rate for the business (on a constant revenue basis) is ~$2M stronger than the result.
- Further profitability improvement initiatives are planned for 2016. Implementation of these initiatives is expected to adversely impact the first half and full year for FY16 by ~$0.5M, with a positive impact from FY17.
- The immediate market outlook for Parchem is challenging, particularly given the construction chemicals business has been historically focused on the energy and resources sectors, which are in decline. The growth in future civil and commercial infrastructure projects is unlikely to offset the decline in energy and resources projects in the near term.
- Notwithstanding all of this, and given the exit rate benefits from the restructure program, Parchem is focused on delivering EBIT growth in FY16, though this is likely to be skewed to the second half.

Review of Operations (continued)

Segment Commentary – Garage Doors and Openers

EBIT of $17.1M, down 6%.

Second half improvement offset first half revenue decline and arrested EBIT decline.

Garage Doors & Openers	Full year ended 30 September		
A$M	2015 Actual	2014 Actual	% Change
Sales revenue	169.5	169.8	(0.2%)
EBITDA	23.4	24.5	(4.5%)
EBIT	17.1	18.2	(6.0%)
EBIT % Sales	*10.1%*	*10.7%*	

Sales revenue down $0.3M (-0.2%)

- Flat revenue outcome across the year reflects an improved performance in the second half (+$2M growth over the pcp) following the revenue decline in the first half. Transitional issues associated with the new product launch and new dealer strategy are being progressively addressed.
- Markets were generally positive across the year growing at ~4%. Growth was particularly strong in the new detached housing segment in Australia (where B&D's share is strategically lower).
- Modest price increases were achieved to largely offset input cost increases.

EBIT decline of $1.1M (-6.0%)

- Profit declined largely due to the weak sales and EBIT result in the first half.
- Second half EBIT improved by $0.8M, or 7.7% due to the improved second half sales outcome, improved doors margins and lower depreciation, and was achieved despite FX-driven input cost pressures in the openers business.

Review of Operations (continued)

Segment Commentary – Cabinet and Architectural Hardware

Cabinet and Architectural Hardware EBIT of $9.0M, up 1.1%.

Continued strong revenue growth impacted by FX-driven margin compression.

Cabinet & Architectural Hardware	**Full year ended 30 September**		
A$M	**2015 Actual**	**2014 Actual**	**% Change**
Sales revenue	172.8	159.6	8.3%
EBITDA	11.4	11.4	0.0%
EBIT	9.0	8.9	1.1%
EBIT % Sales	*5.2%*	*5.6%*	

Sales revenue up $13.2M (+8.3%)

- Sales growth was led by the cabinet hardware business, with the Blum range the key driver. Architectural hardware revenue also grew modestly.
- Markets were generally strong, growing at ~4%.
- Share outcomes were positive, particularly in cabinet hardware.
- Inflationary price increases were achieved.

EBIT growth of $0.1M (+1.1%)

- EBIT margin compression reflects gross margin softness due to FX-driven input cost increases (Euro and USD) in increasingly competitive markets.
- Given the strong sales growth turn around over the past two years, the focus is now on margin improvement initiatives, including systems investment, to improve sales productivity and effectiveness.

Review of Operations (continued)

Segment Commentary – Other businesses

EBIT of $15.9M, up 30.3% (excluding non-recurring items in FY14).

EBIT growth driven by Yates revenue and margin growth, margin improvement in China and PNG FX.

Other businesses	**Full year ended 30 September**		
A$M	**2015 Actual**	**2014 Actual**	**% Change**
Sales revenue	221.6	207.7	6.7%
EBITDA excluding non-recurring items in FY14	19.1	15.5	23.2%
EBIT excluding non-recurring items in FY14	15.9	12.2	30.3%
EBIT % Sales	*7.2%*	*5.9%*	
Non-recurring items	-	(9.2)	

* *The non-recurring item in FY14 represents a non-cash impairment charge recognised against the intangible assets relating to our 51%-owned DGL Camel business in China and Hong Kong.*

- **Yates ANZ** revenue grew due to share gains in a moderately growing market. EBIT grew due to revenue growth and favourable product mix, while increasing marketing spend.
- **DGL Camel** revenue was flat and EBIT improved predominantly due to margin improvement initiatives, cost control and favourable product mix.
- The **PNG** business was impacted by soft economic conditions, particularly in the second half, with sales and EBIT declining in local currency. In Australian dollars, sales and EBIT increased due to a stronger PNG kina.
- The **South East Asian** business produced higher sales and EBIT, largely driven by strong growth in Vietnam.

Review of Operations (continued)

Supply Chain Investments

In March 2015, two significant supply chain investments were announced:

- The construction of a new state-of-the-art factory in Melbourne to manufacture water-based decorative paint ("new paint factory"); and
- The establishment of a new third party operated distribution centre in NSW, to replace two existing distribution centres ("new distribution centre").

The projects are multi-year investments which will deliver significant financial and operational benefits to the business. Please refer to the Company's ASX announcement on 17 March 2015 for further background information on both projects.

The new distribution centre project is progressing well and is scheduled to be operational on time (mid to late 2016) and on budget. This project has a strong payback delivered via cost savings.

The new paint factory is also progressing to plan and is on time (late calendar 2017) and budget. During the 2015 financial year $4.7M was spent on the new paint factory, relating mainly to engineering design work and progress payments for land. Whilst this expenditure was below our forecast of $15-20M, this was largely due to improved payment terms for key contracts and land purchase timing. Detailed design work is very well progressed and site works are expected to commence before Christmas.

The expected capital expenditure cost for the new paint factory is $165M, and given capital expenditure savings elsewhere and asset sales, the net incremental outflow for the project (over and above our historic baseline of $30M capex per annum) is $130M. Both these figures are consistent with our March disclosure. This project is expected to be at least NPV neutral, with returns driven by operating cost savings.

The revised timing of this forecast for capital outflow is set out below. The potential timing variance for the $85M net capital outflow forecast for FY16 is +/- $10M.

Net Capital Outflow	**Full year ended 30 September**				
A$M	**2015 Actual**	**2016 Forecast**	**2017 Forecast**	**2018 Forecast**	**Total**
Incremental net capital outflow *(above our historical $30m capital expenditure "base")*	0	55	65	10	130
DuluxGroup total net capital outflow *(i.e. including DuluxGroup maintenance capex)*	30	85	95	40	

The following provisions totalling $17.0M pre-tax were recognised in the first half of FY15:

- **The Rocklea restructuring provision** ($8.7M) relates to the future costs associated with the transition of the majority of our water-based paint manufacture from Rocklea in Queensland to the new paint factory in Victoria. The manufacture of solvent-based and some water-based paint will remain at Rocklea. The provision will be utilised when staffing levels at Rocklea reduce, which will occur when the new factory opens. The amount recognised includes discounting, which will unwind through interest. The gross provision before discounting is $12.4M.
- **The Distribution centres closure provision** ($8.3M) relates to retrenchments and other costs associated with the closure of the two distribution centres in NSW, concurrent with the opening of the new Linfox operated NSW distribution centre. The provision will be largely utilised in FY16 when the distribution centres close. The amount recognised includes discounting, which will unwind through interest. The gross provision before discounting is $9.6M.

The approximate schedule for the unwinding of the discount of these provisions (recognised in finance expenses) is shown below. This will be reviewed six monthly.

Restructuring Provisions - Unwinding of discount	**Full year ended 30 September**			
A$M	**2015 Actual**	**2016 Forecast**	**2017 Forecast**	**2018 Forecast**
Rocklea restructuring provision	0.6	1.3	1.4	0.4
Distribution centres closure provision	0.5	0.8	0.0	0.0
Total	**1.0**	**2.0**	**1.4**	**0.4**

Review of Operations (continued)

Non-recurring items

The EBIT, NPAT and operating cash flow impacts of the non-recurring items are detailed below:

Non-recurring items	**Full year ended 30 September**		
A$M	**EBIT**	**NPAT**	**Operating cash flow**
2015			
Rocklea restructuring provision	(8.7)	(6.1)	-
Distribution centres closure provision	(8.3)	(5.8)	-
Total	**(17.0)**	**(11.9)**	**-**
2014			
Alesco integration costs	(5.3)	(3.7)	(5.9)
Reversal of excess NZ OCN tax matter provision	5.9	5.5	(8.4)
China impairment - equity share	(9.2)	(9.2)	-
Sale of Opel Woodcare	-	-	(9.0)
Total	**(8.7)**	**(7.3)**	**(23.3)**

For further explanation relating to the 2015 provisions please refer to the Supply Chain Investments section on page 15.

For further explanation relating to the 2014 non-recurring items please refer to the 2014 Annual Report.

Review of Operations (continued)

Outlook

Subject to economic conditions and excluding non-recurring items, we expect that 2016 net profit after tax will be higher than 2015 equivalent of $124.7M.

The key existing home segment exposure (~65%[1] of DuluxGroup revenue) is expected to continue providing resilient and profitable growth.

The new housing construction market (~15%[1] of DuluxGroup revenue, late cycle) which has experienced strong growth over the past two years, is expected to remain strong throughout financial year 2016. Although housing approvals are peaking, the lag between approvals and completions should provide a strong pipeline of work. DuluxGroup businesses are strategically less geared to growth in this lower margin, more price competitive sector of the housing market.

The outlook for commercial and infrastructure markets (~15%[1] of DuluxGroup revenue) is expected to be subdued. In Australia, engineering construction projects are expected to continue declining over the next couple of years, particularly in the resources sector. Whilst the pipeline of public infrastructure projects is growing, particularly in major urban transport, full market recovery would appear to be some time away.

Growth rates in China and Hong Kong are expected to be relatively weak and the PNG market outlook is soft.

Input costs are expected to remain relatively flat for paint and coatings. Exchange rate exposures against the USD, the Euro and the Chinese Renminbi may provide additional input cost pressure, though DuluxGroup aims to mitigate any cost increases.

Directors expect to maintain a dividend payout ratio on NPAT before non-recurring items of approximately 70% on a full year basis.

1. Indicative revenue splits for DuluxGroup.

Consolidated Income Statement

For the financial year ended 30 September:

	Notes	**2015 $'000**	2014 $'000
Revenue		**1,687,834**	1,611,490
Other income	5	**4,729**	6,209
Expenses			
Changes in inventories of finished goods and work in progress		**(8,628)**	(8,727)
Raw materials and consumables used and finished goods purchased for resale		**703,216**	667,553
Employee benefits [1]		**391,360**	367,217
Depreciation and amortisation	6	**34,898**	35,181
Repairs and maintenance		**12,233**	11,961
Operating leases		**49,116**	48,510
Outgoing freight		**66,828**	62,707
Other expenses [1,2]		**269,116**	259,164
Share of net profit of equity accounted investment	12	**(919)**	(995)
		1,517,220	1,442,571
Earnings before interest and income tax expense (EBIT)		**175,343**	175,128
Finance income		**355**	601
Finance expenses	6	**(21,610)**	(26,783)
Net finance costs		**(21,255)**	(26,182)
Profit before income tax expense		**154,088**	148,946
Income tax expense	9	**(42,784)**	(46,124)
Profit for the financial year		**111,304**	102,822

Attributable to:			
Ordinary shareholders of DuluxGroup Limited		**112,773**	104,528
Non-controlling interest in controlled entities		**(1,469)**	(1,706)
Profit for the financial year		**111,304**	102,822

		cents	cents
Earnings per share			
Attributable to ordinary shareholders of DuluxGroup Limited:			
Basic earnings per share	7	**29.6**	28.1
Diluted earnings per share	7	**29.2**	27.5

The above consolidated income statement should be read in conjunction with the accompanying notes.

(1) Includes restructuring costs relating to supply chain projects, which are reported as part of employee benefits expense ($15,918,000) and purchased services ($1,112,000). Refer to note 4.

(2) Largely comprises of advertising and marketing expenditure, commissions, royalties, impairment losses and other fixed and variable costs.

Consolidated Statement of Comprehensive Income

For the financial year ended 30 September:

	2015 $'000	2014 $'000
Profit for the financial year	**111,304**	102,822
Other comprehensive income		
Items that may be reclassified subsequently to the income statement		
Cash flow hedge reserve		
Effective portion of changes in fair value of cash flow hedges	**344**	(1,523)
Income tax expense	**(103)**	457
Foreign currency translation reserve		
Foreign currency translation gain on foreign operations	**6,201**	2,240
Total items that may be reclassified subsequently to the income statement, net of tax	**6,442**	1,174
Items that will not be reclassified to the income statement		
Retained earnings		
Actuarial losses on defined benefit plan	**(6,599)**	(6,139)
Income tax benefit	**1,980**	1,842
Total items that will not be reclassified to the income statement, net of tax	**(4,619)**	(4,297)
Other comprehensive income for the financial year, net of tax	**1,823**	(3,123)
Total comprehensive income for the financial year	**113,127**	99,699
Attributable to:		
Ordinary shareholders of DuluxGroup Limited	**114,045**	102,511
Non-controlling interest in controlled entities	**(918)**	(2,812)
Total comprehensive income for the financial year	**113,127**	99,699

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 September:

	Notes	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents		**46,270**	35,118
Trade and other receivables	10	**257,854**	232,969
Inventories	11	**216,036**	203,739
Derivative financial assets	19	**5,207**	507
Other assets		**7,085**	7,269
Total current assets		**532,452**	479,602
Non-current assets			
Trade and other receivables	10	**85**	30
Derivative financial assets	19	**70,026**	11,715
Investment accounted for using the equity method	12	**6,342**	5,423
Property, plant and equipment	13	**261,865**	261,994
Intangible assets	14	**232,129**	224,916
Deferred tax assets	9	**53,286**	48,046
Other assets		**2,924**	3,372
Total non-current assets		**626,657**	555,496
Total assets		**1,159,109**	1,035,098
Current liabilities			
Trade and other payables	15	**267,277**	251,282
Interest-bearing liabilities	17	**14,650**	14,765
Derivative financial liabilities	19	**1,271**	-
Current tax liabilities		**19,492**	10,657
Provisions	16	**33,573**	28,129
Total current liabilities		**336,263**	304,833
Non-current liabilities			
Trade and other payables	15	**276**	292
Interest-bearing liabilities	17	**381,558**	366,092
Derivative financial liabilities	19	**1,382**	-
Deferred tax liabilities	9	**16,035**	16,972
Provisions	16	**50,243**	40,780
Defined benefit liability	18	**22,107**	14,468
Total non-current liabilities		**471,601**	438,604
Total liabilities		**807,864**	743,437
Net assets		**351,245**	291,661
Equity			
Share capital	20	**256,483**	236,114
Treasury shares	20	**(159)**	(7,625)
Reserves		**(84,616)**	(91,397)
Retained earnings [1]		**178,524**	152,638
Total equity attributable to ordinary shareholders of DuluxGroup Limited		**350,232**	289,730
Non-controlling interest in controlled entities		**1,013**	1,931
Total equity		**351,245**	291,661

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

[1] The retained earnings of the consolidated entity includes the profits reserve of the parent entity, DuluxGroup Limited. For details of the parent entity's stand alone profits reserve, refer to note 30.

Consolidated Statement of Changes in Equity

For the financial year ended 30 September 2015

	Total equity attributable to ordinary shareholders of DuluxGroup Limited									
	Share capital $'000	Treasury shares $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Common control reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 October 2014	**236,114**	**(7,625)**	**6,554**	**(1,065)**	**816**	**(97,702)**	**152,638**	**289,730**	**1,931**	**291,661**
Profit for the financial year	-	-	-	-	-	-	**112,773**	**112,773**	**(1,469)**	**111,304**
Other comprehensive income, net of tax	-	-	-	**241**	**5,650**	-	**(4,619)**	**1,272**	**551**	**1,823**
Total comprehensive income for the financial year	-	-	-	**241**	**5,650**	-	**108,154**	**114,045**	**(918)**	**113,127**
Transactions with owners, recorded directly in equity										
Shares issued under the DuluxGroup dividend reinvestment plan	**20,434**	-	-	-	-	-	-	**20,434**	-	**20,434**
Share-based payments	-	-	**3,628**	-	-	-	-	**3,628**	-	**3,628**
Shares vested under the LTEIP and ESIP[1]	**(65)**	**7,466**	**(2,738)**	-	-	-	-	**4,663**	-	**4,663**
Dividends paid	-	-	-	-	-	-	**(82,268)**	**(82,268)**	-	**(82,268)**
Balance at 30 September 2015	**256,483**	**(159)**	**7,444**	**(824)**	**6,466**	**(97,702)**	**178,524**	**350,232**	**1,013**	**351,245**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

(1) The total amount of $4,663,000 comprises of the following:

- Proceeds of $3,910,000 (being the net loan repayable after taking account of debt repaid via dividends and any loan forgiveness) were received as repayment for shares vested under the 2011 LTEIP.
- Amounts totalling $753,000 were applied as settlement for shares vested under the ESIP. Under the ESIP, proceeds collected from employees by way of a salary sacrifice are recognised by the Group as a liability until such time as an employee has the right to sell the shares, at which time the amount is recognised in contributed equity.

Consolidated Statement of Changes in Equity (continued)

For the financial year ended 30 September 2014

	Total equity attributable to ordinary shareholders of DuluxGroup Limited									
	Share capital $'000	Treasury shares $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Common control reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 October 2013	201,099	(7,716)	7,514	1	(2,530)	(97,702)	125,559	226,225	4,743	230,968
Profit for the financial year	-	-	-	-	-	-	104,528	104,528	(1,706)	102,822
Other comprehensive income, net of tax	-	-	-	(1,066)	3,346	-	(4,297)	(2,017)	(1,106)	(3,123)
Total comprehensive income for the financial year	-	-	-	(1,066)	3,346	-	100,231	102,511	(2,812)	99,699
Transactions with owners, recorded directly in equity										
Shares issued under the DuluxGroup dividend reinvestment plan	24,206	-	-	-	-	-	-	24,206	-	24,206
Share-based payments	-	-	3,449	-	-	-	-	3,449	-	3,449
Shares vested under the LTEIP and ESIP[(1)]	10,809	91	(4,409)	-	-	-	-	6,491	-	6,491
Dividends paid	-	-	-	-	-	-	(73,152)	(73,152)	-	(73,152)
Balance at 30 September 2014	236,114	(7,625)	6,554	(1,065)	816	(97,702)	152,638	289,730	1,931	291,661

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

(1) The total amount of $6,491,000 comprises of the following:

- Proceeds of $5,723,000 (being the net loan repayable after taking account of debt repaid via dividends and any loan forgiveness) were received as repayment for shares vested under the 2010 LTEIP.
- Amounts totalling $768,000 were applied as settlement for shares vested under the ESIP. Under the ESIP, proceeds collected from employees by way of a salary sacrifice are recognised by the Group as a liability until such time as an employee has the right to sell the shares, at which time the amount is recognised in contributed equity.

Consolidated Statement of Cash Flows

For the financial year ended 30 September:

	2015 **$'000**	2014[1] $'000
Cash flows from operating activities		
Profit for the financial year	**111,304**	102,822
Depreciation and amortisation	**34,898**	35,181
Share-based payments expense	**3,628**	3,449
Share of net profit of equity accounted investment	**(919)**	(995)
Profit on disposal of business	**-**	(3,714)
(Reversal of impairment)/impairment of inventories	**(447)**	512
Impairment of trade and other receivables	**3,939**	2,740
Impairment of intangible assets	**-**	9,228
Net loss on sale of property, plant and equipment	**250**	854
Unrealised foreign exchange gain	**(233)**	(73)
Amortisation of prepaid loan establishment fees	**1,399**	2,203
Operating cash flows before changes in working capital and provisions	**153,819**	152,207
Increase in trade and other receivables	**(28,913)**	(14,692)
Increase in inventories	**(10,172)**	(9,012)
Decrease/(increase) in other assets	**632**	(260)
(Decrease)/increase in deferred taxes payable	**(5,132)**	3,457
Increase/(decrease) in trade and other payables and provisions	**37,835**	(6,210)
Increase/(decrease) in current tax liabilities	**8,443**	(5,337)
Net cash inflow from operating activities	**156,512**	120,153
Cash flows from investing activities		
Payments for property, plant and equipment	**(26,438)**	(27,468)
Payments for intangible assets	**(2,998)**	(3,084)
Payments for purchase of businesses, net of cash acquired	**(11,518)**	(950)
Proceeds from joint venture distributions	**-**	250
Proceeds from disposal of business	**-**	10,776
Proceeds from sale of property, plant and equipment	**317**	473
Proceeds from price adjustment on purchase of controlled entities	**-**	710
Net cash outflow from investing activities	**(40,637)**	(19,293)
Cash flows from financing activities		
Proceeds from short term borrowings	**17,195**	8,306
Repayments of short term borrowings	**(19,707)**	(9,824)
Proceeds from long term borrowings	**1,333,000**	5,363,565
Repayments of long term borrowings	**(1,378,398)**	(5,432,575)
Proceeds from employee share plan repayments	**4,856**	6,830
Dividends paid (net of shares issued as part of DuluxGroup's dividend reinvestment plan)	**(61,834)**	(48,946)
Net cash outflow from financing activities	**(104,888)**	(112,644)
Net increase/(decrease) in cash held	**10,987**	(11,784)
Cash at the beginning of the financial year	**35,118**	46,374
Effects of exchange rate changes on cash	**165**	528
Cash at the end of the financial year	**46,270**	35,118
Supplementary information		
Interest received	**355**	601
Interest paid	**(17,224)**	(25,912)
Income taxes paid	**(39,491)**	(48,004)

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

(1) The consolidated statement of cash flows has been presented for the first time using the alternative permissible presentation method, being the indirect method.

Notes to the Consolidated Financial Statements

For the financial year ended 30 September 2015

Note		Page
1	Accounting policies	25
2	Critical accounting estimates and judgements	33
3	Segment report	35
4	Supply chain projects	38
5	Other income	39
6	Expenses	39
7	Earnings per share (EPS)	39
8	Auditors' remuneration	40
9	Income tax	40
10	Trade and other receivables	42
11	Inventories	43
12	Investment accounted for using the equity method	43
13	Property, plant and equipment	44
14	Intangible assets	45
15	Trade and other payables	46
16	Provisions	46
17	Interest-bearing liabilities	47
18	Superannuation	48
19	Financial and capital management	50
20	Contributed equity	55
21	Dividends	56
22	Share-based payments	56
23	Director and executive disclosures	58
24	Commitments	59
25	Contingent liabilities	59
26	Subsidiaries	60
27	Businesses acquired	61
28	Businesses disposed	62
29	Deed of cross guarantee	62
30	Parent entity financial information	65
31	Events subsequent to balance date	65

1 Accounting policies

DuluxGroup Limited (the 'Company') is a company domiciled in Australia which has shares that are publicly traded on the Australian Securities Exchange. The significant accounting policies adopted in preparing the consolidated financial statements of the Company and its subsidiaries (collectively 'the consolidated entity' or 'the Group' or 'DuluxGroup') are stated below to assist in a general understanding of this financial report. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, investments in financial assets (other than subsidiaries and joint ventures) and defined benefit obligations which have been measured at fair value.

The consolidated financial statements were approved by the Board of Directors on 11 November 2015 and are presented in Australian dollars, which is the Company's functional and presentation currency.

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the requirements of applicable Australian Accounting Standards including Australian Interpretations and the *Corporations Act 2001* and comply with International Financial Reporting Standards (IFRS) and interpretations as issued by the International Accounting Standards Board. DuluxGroup is a for-profit entity for the purpose of preparing the consolidated financial statements.

b) Comparatives

Where not significant, reclassifications of comparatives are made to disclose them on the same basis as current financial year figures.

c) Consolidation

The Group's consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the parent entity) and its subsidiaries as defined in AASB 10 *Consolidated Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised profits arising within the Group are eliminated in full.

d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the fair values of the assets transferred (including cash), the liabilities incurred and the equity interests issued by the Group (if any). Acquisition related transaction costs are expensed as incurred.

Other than acquisitions under common control, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

For acquisitions occurring while under common control and for consolidation purposes, the assets and liabilities acquired continue to reflect the carrying values in the accounting records of the consolidated group prior to the business combination occurring.

Where a subsidiary elects to apply purchase accounting in its own books and records, on consolidation the effect of this policy difference will result in recognition of a common control reserve to the extent that the fair values of the business assets and liabilities exceed their carrying value at acquisition date.

1 Accounting policies (continued)

e) New Accounting Standards and Interpretations

Except as described below, the accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its financial statements for the financial year ended 30 September 2014.

The Group has adopted the following new and amended accounting standards.

Reference	Title	Application
AASB 2013-9	Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments: Part B: Materiality and Part C: Financial Instruments	1 Oct 2014
AASB 9	Financial Instruments (amendments to December 2013)	1 Oct 2014
AASB 2014-1	Amendments to Australian Accounting Standards Part E: Financial Instruments	1 Oct 2014
AASB 2014-2	Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements	1 Oct 2014
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 Oct 2014
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Oct 2014
AASB 2015-1	Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 Oct 2014
AASB 2015-2	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	1 Oct 2014
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 Oct 2014
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9	1 Oct 2014

The adoption of these standards did not have a significant impact on the consolidated financial statements and has impacted disclosures only.

Issued but not yet effective

The following Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted for this annual reporting period. These standards are not expected to have a material impact on the Group's financial position and performance, however increased disclosures will be required in the Group's financial statements.

Reference	Title	Application
AASB 15	Revenue from Contracts with Customers	1 Jan 2017
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 Jan 2017

f) Revenue recognition

Revenue from sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and customer rebates. External sales are recognised when the significant risks and rewards of ownership are transferred to the purchaser, recovery of the consideration is probable, the possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

For the purpose of segment reporting, the consolidated entity's policy is to transfer products internally at negotiated commercial prices.

1 Accounting policies (continued)

f) Revenue recognition (continued)

Customer loyalty programme
The Group operates a number of loyalty programmes under which customers accumulate points for purchases made which they are entitled to redeem for items from a catalogue. The award points are recognised as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale, such that the award points are recognised at their fair value. Revenue from the award points is deferred and recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed. Award points generally expire three to four years after the initial sale.

Other income
Other income includes profit on sale of property, plant and equipment and businesses, rental income, royalty income, grant income and net foreign exchange gains.

Profit and loss from sale of businesses, subsidiaries and other non-current assets are recognised when there is a signed unconditional contract of sale. Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Royalty income is recognised on sale of licensed product to the final customer. A grant is initially recognised as deferred income at fair value when there is a reasonable assurance that the Group will comply with the conditions of the grant and the amount will be received. The grant is then either recognised in the income statement over the useful life of the associated asset, or where the grant compensates the Group for incurred expenses, the income is recognised in the income statement in the period in which the associated expenses are recognised.

g) Finance income and expenses

Finance income
Finance income includes interest income on funds invested and recognised in the income statement. Interest income is recognised using the effective interest method.

Finance expenses
Finance expenses include interest, unwind of the effect of discounting on provisions, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Finance expenses are recognised as incurred unless they relate to qualifying assets.

Where funds are borrowed specifically for the production of a qualifying asset, the interest on those funds is capitalised, net of any interest earned on those borrowings. Where funds are borrowed generally, finance expenses are capitalised using a weighted average interest rate.

h) Taxation

Income tax on the profit or loss for the financial year comprises of current and deferred tax and is recognised in the income statement.

Current tax is the expected tax payable or receivable on taxable income for the financial year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable or receivable in respect of previous years.

Deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the balance sheet and their associated tax bases. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting 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 asset can be utilised. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the associated tax is also recognised in other comprehensive income or directly in equity.

Tax consolidation
DuluxGroup Limited is the head entity of the Australian tax consolidated group. The head entity and the members of the tax consolidated group have entered into a tax funding arrangement which sets out the funding obligations of members in respect of tax amounts. The head entity recognises the tax effects of its own transactions and the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary entities. Members of the tax consolidated group have also entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

1 Accounting policies (continued)

i) Trade and other receivables

Trade receivables are carried at amounts due. Receivables that are not past due and not impaired are considered recoverable. Payment terms are generally 30 days from the end of the month in which the invoice is issued. A risk assessment process is used for all accounts, with a stop credit process in place for most long overdue accounts.

The collectability of trade receivables is assessed continuously and at balance date specific allowances are made for any doubtful trade receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

The following basis has been used to assess the allowance for doubtful trade receivables:

- a statistical approach to determine the historical allowance rate for various tranches of receivables;
- an individual account by account assessment based on past credit history; and
- prior knowledge of debtor insolvency or other credit risk.

j) Inventories

Inventories are valued at the lower of cost or net realisable value, cost is based on the first-in, first-out or weighted average method according to the type of inventory. For manufactured goods, cost includes direct labour, direct material and fixed overheads based on normal operating capacity. For finished goods purchased from external suppliers, cost is net cost into store.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

k) Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and that the cost of the item can be measured reliably.

Property, plant and equipment, other than freehold land, is depreciated on a straight-line basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset to the consolidated entity. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least annually.

Estimated useful lives of each class of asset are as follows:

Buildings and improvements	10 to 40 years
Machinery, plant and equipment	3 to 10 years

Assets under construction are not depreciated until ready for use.

Profits and losses on disposal of property, plant and equipment are recognised in the income statement.

l) Intangible assets and amortisation

Identifiable intangibles
Amounts paid for the acquisition of software are capitalised at the fair value of consideration paid.

Amounts paid for the acquisition of other identifiable intangible assets (except for software) are capitalised at the fair value of consideration paid determined by reference to independent valuations.

Subsequent expenditure on capitalised identifiable intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life to the consolidated entity as follows:

Patents, trademarks and rights	10 to 20 years
Brand names	10 to 20 years
Software	3 to 5 years
Customer contracts	5 to 10 years

Identifiable intangible assets with an indefinite life (selected brand names) are not amortised but the recoverable amount of these assets is tested for impairment at least annually.

1 Accounting policies (continued)

l) Intangible assets and amortisation (continued)

Unidentifiable intangibles
Where the fair value of the consideration paid for a business acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is treated as goodwill. Goodwill is not amortised but the recoverable amount is tested for impairment at least annually.

m) Impairment of other assets

Goodwill and indefinite life intangible assets are tested for impairment at least annually. The carrying amount of the Group's other non-current assets, excluding any defined benefit fund assets, deferred tax assets and financial assets is reviewed at each reporting date to determine whether there are any indicators of impairment. If such indicators exist, the asset is tested for impairment by comparing its recoverable amount to its carrying amount.

The recoverable amount of an asset is determined as the higher of fair value less costs of disposal and value in use.

The recoverable amount is estimated for each individual asset or where it is not possible to estimate for individual assets, it is estimated for the Cash-Generating Unit (CGU) to which the asset belongs.

A CGU is the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or group of assets, with each CGU being no larger than a reportable segment.

When determining fair value less costs of disposal, information from recent market transactions of a similar nature is taken into account. If no such transactions can be identified, an appropriate valuation model is used. These are corroborated by other available market based information.

In calculating recoverable amount using a valuation model, estimated future cash flows based on Board approved budgets, four year business plans and related strategic reviews are discounted to their present values using a pre-tax discount rate. Cash flow projections beyond the four year period are extrapolated using estimated growth rates, which are not expected to exceed the long term average growth rates in the applicable markets.

Cash flows used for value in use calculations are estimated for the asset in its present condition and therefore do not include cash inflows or outflows that improve or enhance the asset's performance or that may arise from future restructuring.

The pre-tax discount rate used for a:

- value in use calculation is derived based on an independent external assessment of the Group's post-tax weighted average cost of capital in conjunction with risk specific factors to the countries in which the CGU operates.
- fair value less costs of disposal calculation is based on an independent external assessment of the cost of capital of a willing buyer taking into account risk specific factors to the countries in which the CGU operates.

The pre-tax discount rates applied in the discounted cash flow models range between 10% and 15% (2014: 10% and 16%). The average sales revenue compound annual growth rates applied in the discounted cash flow models range between 0% and 8% (2014: 0% and 9%).

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the income statement as part of 'Other expenses'. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit.

Reversals of impairment
An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill or other indefinite life intangible assets is not reversed. An impairment loss in other circumstances is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n) Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the liabilities on an effective interest method basis.

Amortised cost is calculated by taking into account any issue costs and any discount or premium on issuance. Gains and losses are recognised in the income statement in the event that the liabilities are derecognised.

1 Accounting policies (continued)

o) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remain unpaid at balance date. Trade payables are normally settled within 60 days from invoice date or within the agreed payment terms with the supplier.

p) Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwind of the effect of discounting on provisions is recognised as a finance expense.

Leased premises restoration
The Group is required to restore certain leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the estimated expenditure required to restore these premises to an acceptable condition. These costs have been capitalised as part of the cost of buildings and leasehold improvements.

Where this provision is reassessed in subsequent reporting periods, to the extent possible, an equal and offsetting adjustment is made to the corresponding asset balance. Where the reassessment results in a decrease to the provision which exceeds the carrying value of the corresponding asset, any excess is recognised in the income statement.

q) Employee entitlements

Annual leave
Liabilities for annual leave are accrued based on statutory and contractual requirements, including related on-costs. They are measured using the rates expected to be paid when the obligations are settled.

Long service leave
Liabilities for long service leave are accrued at the present value of expected future payments to be made resulting from services provided by employees. Liabilities for long service leave entitlements, which are not expected to be paid or settled within 12 months, are accrued at the present value of future amounts expected to be paid. With effect from 30 June 2015, the present value has been determined using the Corporate bond rates (2014: relevant state Government bond rates) with similar maturity terms. The impact of this change at 30 June 2015 was a decrease to the provision of $1,564,000 and a corresponding benefit to earnings before interest and income tax expense.

Bonuses
A liability is recognised for bonuses on the achievement of predetermined bonus targets and the benefit calculations are formally documented and determined before signing the financial statements.

Share-based payments
i) Long Term Equity Incentive Plan (LTEIP)
Shares issued under the LTEIP in conjunction with non-recourse loans are accounted for as options and as such the amounts receivable from employees in relation to these loans are not recognised in the financial statements.

The options are externally measured at fair value at the date of grant using an option valuation model being an adjusted form of the Black-scholes option pricing model. This valuation model generates possible future share prices based on similar assumptions that underpin relevant option pricing models to calculate the fair value (as at grant date) of options granted.

The assumptions underlying the options valuations are:

- exercise price of the option;
- life of the option;
- current price of the underlying securities;
- expected volatility of the share price;
- dividends expected on the shares (nil is adopted where participants will fully benefit from dividend receipts during the life of the investments);
- risk-free interest rate for the life of the option;
- specific factors relating to the likely achievement of performance hurdles;

1 Accounting policies (continued)

q) Employee entitlements (continued)

- employment tenure; and
- vesting and performance conditions (including the potential to be awarded loan forgiveness).

The fair value determined at the grant date of the award is recognised as a share-based payment expense in the income statement on a straight-line basis over the relevant vesting period. The expense recognised is reduced to take account of the costs attributable to participating employees who do not remain in the employment of the Group throughout the vesting period.

ii) Employee Share Investment Plan (ESIP)
Where shares are issued under the ESIP at a discount, a share-based payment expense for the fair value of the discount on the granted shares is recognised.

Restructuring and employee termination benefits
Provisions for restructuring and employee termination benefits are only recognised when a detailed plan has been approved and the restructuring and/or termination has either commenced or been publicly announced or firm contracts related to the restructuring or termination benefits have been entered into. Costs related to ongoing activities are not provided for.

r) Foreign currency

Functional currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency of the entity at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate ruling at the date of the transaction.

Foreign currency receivables and payables outstanding at balance date are translated at the exchange rates ruling at that date. Exchange gains and losses on retranslation of outstanding unhedged receivables and payables are recognised in the income statement.

Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance date.

The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised directly in other comprehensive income.

s) Financial instruments

The group classifies its financial instruments into three measurement categories, being:

- financial assets and liabilities at amortised cost;
- financial assets and liabilities at fair value through profit and loss; and
- financial assets at fair value through other comprehensive income.

The classification depends on the purpose for which the instruments were acquired.

All financial assets are initially recognised at the fair value of consideration paid. Subsequently, financial assets are carried at fair value or amortised cost less impairment.

Where non-derivative financial assets are carried at fair value, gains and losses on remeasurement are recognised directly in equity unless the financial assets have been designated as being held at fair value through profit or loss or held for trading, in which case the gains and losses are recognised directly in the income statement.

1 Accounting policies (continued)

s) Financial instruments (continued)

For financial assets carried at amortised cost, the amount of any impairment loss is measured as the extent to which the asset's carrying amount exceeds the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

All financial liabilities other than derivatives are initially recognised at the fair value of consideration received net of transaction costs as appropriate (initial cost). All financial liabilities are subsequently carried at amortised cost, with the exception of financial liabilities which have been designated in fair value hedging relationships, in which case these gains and losses are recognised directly in the income statement.

t) Financial instruments – hedging

The Group uses financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities.

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss on remeasurement depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The measurement of fair value is based on quoted market prices.

Interest rate options, interest rate swaps, foreign exchange options and forward exchange contracts held for hedging purposes are accounted for as either cash flow or fair value hedges.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, plant and equipment or inventory purchases) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial carrying amount of the asset or liability. When a hedging instrument expires or is sold or terminated, or when a hedge ceases to meet the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a hedged forecast transaction is no longer expected to occur, the cumulative hedge gain or loss that was reported in equity is immediately transferred to the income statement.

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Any difference between the change in fair value of the derivative and the hedged risk constitutes ineffectiveness of the hedge and is recognised immediately in the income statement.

Derivatives that do not qualify for hedge accounting
The Group does not hold or issue financial instruments for trading purposes. Certain derivative instruments, however, do not qualify for hedge accounting, despite being commercially valid economic hedges of the relevant risks. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

u) Contributed equity

Ordinary shares in DuluxGroup Limited are classified as contributed equity for the Group, except to the extent that the new capital is issued and continues to be held at balance date by a subsidiary.

When share capital recognised as contributed equity is repurchased by the Company or its subsidiaries, the amount of the consideration paid, including directly attributable costs is recognised as a deduction from total equity.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Company.

1 Accounting policies (continued)

u) Contributed equity (continued)

Where ordinary shares are issued to the trust for the purpose of the employee share schemes, this ordinary share capital is not recognised on consolidation. Where shares are purchased on-market by the trust for the purpose of the employee share schemes, the purchase is accounted for as a buy-back and the amount is deducted from contributed equity as treasury shares on consolidation.

v) Rounding

The amounts shown in this financial report have been rounded off, except where otherwise stated, to the nearest thousand dollars with the Company being in a class specified in the ASIC Class Order 98/100 dated 10 July 1998.

2 Critical accounting estimates and judgements

Management determines the development, selection and disclosure of the consolidated entity's critical accounting policies, estimates and judgements and the application of these policies, estimates and judgements. Management necessarily makes estimates and judgements that have a significant effect on the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Changes in the assumptions underlying the estimates may result in a significant impact on the financial statements. Management believes the estimates used in preparing the financial statements are reasonable and in accordance with accounting standards. The most critical of these assumptions and judgements are:

a) Provisions against current assets

In the course of normal trading activities, management uses its judgement in establishing the net realisable value of various elements of working capital – principally inventory and trade receivables. Provisions are established for obsolete or slow moving inventories and bad or doubtful receivables. Actual expenses in future periods may be different from the provisions established and any such differences would affect future earnings of the Group.

b) Property, plant and equipment and definite lived intangible assets

The Group's property, plant and equipment and intangible assets, other than intangible assets with indefinite lives, are depreciated/amortised on a straight-line basis over their useful lives. Management reviews the appropriateness of useful lives of assets at least annually. Any changes to useful lives affect prospective depreciation rates and asset carrying values.

The useful lives of intangible assets are assessed to be either finite or indefinite. Brand names that have indefinite lives are not amortised. Management use judgement in determining whether an individual brand name will have a finite life or an indefinite life. Management make this determination on the basis of brand strength, expectations of continuing profitability and future business commitments to these brands. If a brand is assessed to have a finite life, management will use judgement in determining the useful life.

c) Impairment of assets

Consistent with the impairment accounting policy, assets are impaired when their carrying value exceeds their recoverable amount. The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. The recoverable amount of those assets, or CGUs, is measured as the higher of their fair value less costs of disposal and value in use.

In making the assessment for impairment, assets that do not generate independent cash inflows are allocated to an appropriate CGU. Management necessarily applies its judgement in allocating assets that do not generate independent cash inflows to appropriate CGUs. Subsequent changes to the CGU allocation or to the timing and quantum of cash flows may impact the carrying value of the respective assets.

The determination of recoverable amount on a value in use basis requires the estimation and discounting of future cash flows. The estimation of cash flows considers all information available at balance date which may deviate from actual developments. This includes, amongst other things, changes in discount rates, terminal value growth rates applied in perpetuity, expected sales revenue growth rates in the forecast period, and earnings varying from the assumptions and forecast data used. Management also applies judgement when determining the recoverable amount using fair value less costs of disposal. This judgement is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market based information less incremental costs for disposing of the assets.

2 Critical accounting estimates and judgements (continued)

d) Environmental

The Group is subject to a variety of laws and regulations in the jurisdictions in which it operates or maintains properties. Provisions for expenses that may be incurred in complying with such laws and regulations are set aside if environmental inquiries or remediation measures are probable and the costs can be reliably estimated. For sites where there are uncertainties with respect to what the Group's remediation obligations might be or what remediation techniques might be approved and no reliable estimate can presently be made of regulatory and remediation costs, no amounts have been provided for. It is also assumed that the methods planned for environmental clean-up will be able to treat the issues within the expected time frame.

It is difficult to estimate the future costs of environmental remediation because of many uncertainties, particularly with regard to the status of laws, regulations and the information available about conditions in the various countries and at the individual sites. Significant factors in estimating the costs include previous experiences in similar cases, expert opinions regarding environmental programs, current costs and new developments affecting costs, management's interpretation of current environmental laws and regulations, the number and financial position of third parties that may become obligated to participate in any remediation costs on the basis of joint liability, and the remediation methods which are likely to be deployed.

Given the inherent difficulties in estimating liabilities in this area, it cannot be guaranteed that additional costs will not be incurred beyond the amounts provided.

e) Warranty

The Group generally offers warranties for its products. Management estimates the provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated future warranty claims include information on future parts and changes in labour costs.

f) Business acquisitions

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control until such time as the Company ceases to control such entity.

The determination as to the existence of control or significant influence over an entity necessarily requires management judgement to assess the Group's ability to govern the financial and operating activities of an investee. In making such an assessment, a range of factors is considered including voting rights in an investee and Board and management representation.

A business acquisition also requires judgement with respect to the determination of the fair value of purchase consideration given and the fair value of identifiable net assets and liabilities acquired. Many of these assets and liabilities either given up or acquired are not normally traded in active markets, and thus management judgement is required in determining their fair values. Management judgement is also required in ascertaining the assets and liabilities which should be recognised, in particular with respect to intangible assets such as brand names, customer relationships, patents and trademarks and contingent liabilities.

g) Supply chain projects

The Group is investing in two significant supply chain projects (refer note 4) which has resulted in an obligation for restructuring costs. A provision for these restructuring costs has been recognised based on expected future payments for existing employees under the current employment agreements. Changes to employee numbers, their employment conditions or timing of the projects' completion dates could impact estimated future payments.

h) Taxation

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred income tax provision in the period in which such determination is made.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

2 Critical accounting estimates and judgements (continued)

h) Taxation (continued)

Assumptions are also made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets and deferred tax liabilities recorded on the consolidated balance sheet and the amount of tax losses and timing differences not yet recognised. In these circumstances, the carrying amount of deferred tax assets and liabilities may change, resulting in an impact on the earnings of the Group.

3 Segment report

The operating segments are reported in a manner which is consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Managing Director and Chief Executive Officer.

The major products and services from which DuluxGroup's segments derive revenue are:

Defined reportable segments	Products/services
Paints and Coatings Australia & New Zealand (ANZ)	Dulux decorative paints, woodcare, texture, protective, powder and industrial coatings in Australia and New Zealand for both consumer and professional trade markets.
Consumer & Construction Products ANZ	Selleys adhesives, sealants and other household repair and maintenance products for the consumer and professional trade markets; and Parchem construction chemicals, decorative concrete solutions and related equipment in Australia and New Zealand.
Garage Doors & Openers	B&D garage doors and electronic openers for residential, commercial and industrial use in Australia and New Zealand.
Cabinet & Architectural Hardware	Lincoln Sentry, a specialist trade distributor of premium branded cabinet hardware and architectural hardware to the cabinet making industry, and the window, door and glazing industries in Australia.
Other businesses	Yates garden care and home improvement products in Australia and New Zealand, South East Asia specialty coatings and adhesives businesses, and Papua New Guinea coatings business. Also includes the 51%-owned DGL Camel business in China and Hong Kong.

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 September 2015

3 Segment report (continued)

Reportable segments 2015 $'000	Paints & Coatings ANZ	Consumer & Construction Products ANZ	Garage Doors & Openers	Cabinet & Architectural Hardware	Other businesses	Total reportable segments	Unallocated [1]	Consolidated
Revenue								
External revenue	867,593	257,182	169,479	172,736	220,844	1,687,834	-	1,687,834
Inter-segment revenue	3,237	9,056	-	78	732	13,103	(13,103)	-
Total revenue	870,830	266,238	169,479	172,814	221,576	1,700,937	(13,103)	1,687,834
Other income	2,060	278	59	-	2,806	5,203	(474)	4,729
Total revenue and other income	872,890	266,516	169,538	172,814	224,382	1,706,140	(13,577)	1,692,563
Results								
EBITDA excluding non-recurring items [2]	165,081	32,629	23,354	11,380	19,051	251,495	(24,224)	227,271
Depreciation and amortisation	(18,272)	(3,468)	(6,292)	(2,398)	(3,132)	(33,562)	(1,336)	(34,898)
EBIT excluding non-recurring items	146,809	29,161	17,062	8,982	15,919	217,933	(25,560)	192,373
Non-recurring items [3]	(13,813)	(3,217)	-	-	-	(17,030)	-	(17,030)
EBIT								175,343
Finance income								355
Finance expenses								(21,610)
Profit before income tax expense								154,088
Income tax expense								(42,784)
Profit for the financial year								111,304
Investment accounted for using the equity method	-	-	-	-	6,342	6,342	-	6,342
Acquisitions of property, plant and equipment and intangible assets	19,329	2,926	3,248	748	2,737	28,988	-	28,988
Impairment/(reversal of impairment) of inventories	408	(291)	(739)	(98)	273	(447)	-	(447)
Impairment of trade and other receivables	794	359	168	315	2,303	3,939	-	3,939
Share-based payments expense	927	176	221	49	76	1,449	2,179	3,628
Share of net profit of equity accounted investment	-	-	-	-	919	919	-	919

(1) Comprises of centrally managed income, costs, assets and liabilities relating to properties, tax, treasury and the Group's defined benefit pension plan.
(2) Earnings before interest, income tax expense, depreciation and amortisation after excluding the items explained in footnote 3 below.
(3) Comprises of restructuring costs relating to supply chain projects, refer to note 4.

Revenue from one of the Group's customers was approximately 24% (2014: 23%) of the total Group revenue during the year ended 30 September 2015. This customer operated primarily within the Paints and Coatings and the Consumer and Construction Products segments in Australia and New Zealand.

3 Segment report (continued)

Reportable segments 2014 $'000	Paints & Coatings ANZ	Consumer & Construction Products ANZ	Garage Doors & Openers	Cabinet & Architectural Hardware	Other businesses	Total reportable segments	Unallocated [1]	Consolidated
Revenue								
External revenue	817,649	257,469	169,775	159,499	207,098	1,611,490	-	1,611,490
Inter-segment revenue	3,949	8,440	-	74	582	13,045	(13,045)	-
Total revenue	821,598	265,909	169,775	159,573	207,680	1,624,535	(13,045)	1,611,490
Other income	546	3	15	(20)	3,359	3,903	2,306	6,209
Total revenue and other income	822,144	265,912	169,790	159,553	211,039	1,628,438	(10,739)	1,617,699
Results								
EBITDA excluding non-recurring items [2]	156,525	33,814	24,496	11,404	15,491	241,730	(22,765)	218,965
Depreciation and amortisation	(17,643)	(3,976)	(6,284)	(2,460)	(3,284)	(33,647)	(1,534)	(35,181)
EBIT excluding non-recurring items	138,882	29,838	18,212	8,944	12,207	208,083	(24,299)	183,784
Non-recurring items [3]	-	-	-	-	(9,228)	(9,228)	572	(8,656)
EBIT								175,128
Finance income								601
Finance expenses								(26,783)
Profit before income tax expense								148,946
Income tax expense								(46,124)
Profit for the financial year								102,822
Investment accounted for using the equity method	-	-	-	-	5,423	5,423	-	5,423
Acquisitions of property, plant and equipment and intangible assets	20,423	2,034	3,608	1,329	3,488	30,882	-	30,882
Impairment of intangible assets	-	-	-	-	9,228	9,228	-	9,228
Impairment/(reversal of impairment) of inventories	148	(383)	(127)	(135)	1,009	512	-	512
Impairment/(reversal of impairment) of trade and other receivables	1,151	259	178	(162)	1,314	2,740	-	2,740
Share-based payments expense	872	151	208	53	49	1,333	2,116	3,449
Share of net profit of equity accounted investment	-	-	-	-	995	995	-	995

(1) Comprises of centrally managed income, costs, assets and liabilities relating to properties, tax, treasury and DuluxGroup's defined benefit pension plan.

(2) Earnings before interest, income tax expense, depreciation and amortisation after excluding the items explained in footnote 3 below.

(3) Comprises of impairment to recoverable amount of intangible assets in China ($9,228,000) recognised in Other Businesses, and integration costs associated with the Alesco acquisition ($5,345,000) and reversal of the provision for contingent liabilities from business acquisitions relating to the Option Convertible Note (OCN) tax matter ($5,917,000) recognised in Unallocated.

3 Segment report (continued)

a) Geographical information

Revenue from external customers is attributed to geographic location based on the location of customers. The revenue from external customers by geographical location is as follows:

	2015	2014
	$'000	$'000
Australia	**1,382,304**	1,320,784
New Zealand	**183,186**	176,911
Other countries	**122,344**	113,795
	1,687,834	1,611,490

The location of non-current assets other than financial assets, investments accounted for using the equity method, and deferred tax assets at the end of the financial year is as follows:

	2015	2014
	$'000	$'000
Australia	**440,607**	436,785
New Zealand	**44,252**	43,632
Other countries	**12,059**	9,865
	496,918	490,282

4 Supply chain projects

On 17 March 2015, the Group announced:

- The construction of a new state-of-the-art paint factory in Melbourne, which will produce almost all of Dulux Australia's water-based decorative paints that are currently manufactured at the Rocklea factory in Queensland. The Rocklea factory will be retained, but will operate at a reduced manning level, focusing on the production of solvent-based decorative paint products. The reduced activity at Rocklea will result in some redundancies. A discounted provision of $8,721,000 (expected future cash outflow of $12,384,000) has been recognised and included in EBIT during the financial year, with payment to occur once the new site is fully operational. The project is targeting completion in late calendar year 2017. The new paint factory is an important investment that will set up the Group's Australian decorative paints business for decades.
- The establishment of a new distribution centre in Sydney, built, owned and operated by Linfox, which is scheduled to be operational in mid to late calendar year 2016. This new distribution centre will result in the closure of the two existing distribution centres currently operated by the Group, resulting in the redundancy of roles at those sites and some closure costs. A discounted provision of $8,309,000 (expected future cash outflow of $9,552,000) has been recognised and included in EBIT during the financial year, with payment largely expected to occur when the new distribution centre is operational.

A summary of the movement in the projects' provisions since announcement is as follows:

	Rocklea restructuring provision	**Distribution centres closure provision**	**Total supply chain restructuring provision**
	$'000	**$'000**	**$'000**
Discounted provision recognised at 17 March 2015	8,721	8,309	17,030
Unwind of discounting (reported in finance expense)	574	474	1,048
Restructuring provision as at 30 September 2015	**9,295**	**8,783**	**18,078**

5 Other income

	2015 $'000	2014 $'000
Profit on disposal of business	**-**	3,714
Royalty income	**1,564**	747
Rental income	**467**	404
Grant income	**2,497**	19
Other	**201**	1,325
	4,729	6,209

6 Expenses

Profit before income tax includes the following specific expense items not otherwise detailed in this financial report:

	2015 $'000	2014 $'000
Depreciation	**27,971**	27,688
Amortisation	**6,927**	7,493
Depreciation and amortisation	**34,898**	35,181
Interest and finance charges paid/payable for financial liabilities not at fair value through profit and loss	**19,561**	25,040
Provisions: unwind of discounting	**2,049**	1,743
Finance expenses	**21,610**	26,783
Net loss on sale of property, plant and equipment	**250**	854
Net foreign exchange losses	**393**	337
Research and development	**19,818**	18,411

7 Earnings per share (EPS)

As reported in the consolidated income statement	**2015 Cents per share**	2014 Cents per share
Total attributable to ordinary shareholders of DuluxGroup Limited		
Basic earnings per share	**29.6**	28.1
Diluted earnings per share	**29.2**	27.5
	$'000	$'000
Earnings used in the calculation of basic and diluted earnings per share		
Profit for the financial year attributable to ordinary shareholders of DuluxGroup Limited	**112,773**	104,528
	Number	Number
Weighted average number of ordinary shares outstanding used as the denominator:		
Number for basic earnings per share	**380,362,446**	372,114,217
Effect of the potential vesting of shares under the LTEIP and ESIP(1)	**5,273,875**	8,621,717
Number for diluted earnings per share	**385,636,321**	380,735,934

(1) The calculation of the weighted average number of shares has been adjusted for the effect of these potential shares from the date of issue or the beginning of the financial year.

8 Auditors' remuneration

	2015 $	2014 $
Total remuneration received, or due and receivable, by the auditors of the Company for:		
Audit services - audit and review of financial reports		
KPMG Australia	**725,500**	742,900
Overseas KPMG firms [1,2]	**546,363**	427,632
	1,271,863	1,170,532
Other services [3]		
Other assurance services - KPMG Australia	**106,275**	87,500
Other assurance services - Overseas KPMG firms [2]	**11,856**	48,136
	118,131	135,636

(1) Includes fees paid or payable for overseas subsidiaries' local statutory lodgement purposes and other regulatory compliance requirements.

(2) Fees for overseas services are determined locally, and as such when reported in Australian dollars are subject to fluctuation due to the effect of foreign exchange rates.

(3) Other services (primarily assurance based engagements undertaken for compliance and governance) are subject to the Group's internal corporate governance procedures and are approved by the Audit and Risk Committee.

9 Income tax

a) Income tax expense recognised in the consolidated income statement

	2015 $'000	2014 $'000
Current tax expense	**49,973**	46,165
Deferred tax (benefit)/expense	**(5,143)**	3,259
Over provision in prior years	**(2,046)**	(3,300)
Total income tax expense in the consolidated income statement	**42,784**	46,124
Deferred tax (benefit)/expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	**(3,070)**	4,093
Decrease in deferred tax liabilities	**(2,073)**	(834)
	(5,143)	3,259
Reconciliation of prima facie tax expense to income tax expense		
Profit before income tax expense	**154,088**	148,946
Prima facie income tax expense calculated at 30% of profit before income tax expense	**46,226**	44,684
Tax effect of items which (decrease)/increase tax expense:		
Foreign tax rate differential	**(790)**	41
Non-taxable income and profits, net of non-deductible expenditure	**(3,396)**	(1,827)
Share of net profit of equity accounted investment	**(276)**	(299)
Impairment of intangible assets	**-**	2,307
Tax losses not recognised/(recognised)	**1,147**	(97)
Sundry items	**(127)**	1,315
Income tax expense reported in the consolidated income statement	**42,784**	46,124

9 Income tax (continued)

b) Deferred tax assets

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Trade and other receivables	**779**	860
Inventories	**3,513**	3,423
Property, plant and equipment	**5,855**	6,188
Intangible assets	**4,352**	4,778
Trade and other payables	**6,515**	7,809
Provisions	**9,494**	4,754
Employee entitlements	**22,088**	19,608
Tax losses	**174**	78
Other	**516**	548
Deferred tax assets	**53,286**	48,046
Expected to be recovered within 12 months	**20,229**	19,387
Expected to be recovered after more than 12 months	**33,057**	28,659
	53,286	48,046
Movements:		
Opening balance	**48,046**	48,906
Additions - business acquisitions	**84**	108
Adjustment - prior year acquisitions	**-**	655
Credited/(charged) to profit or loss	**3,070**	(4,093)
Credited to other comprehensive income	**1,877**	2,299
Foreign currency exchange differences	**209**	171
Balance at 30 September	**53,286**	48,046

c) Deferred tax liabilities

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**2,412**	3,045
Intangible assets	**13,456**	13,416
Trade and other payables	**60**	63
Other	**107**	448
Deferred tax liabilities	**16,035**	16,972
Expected to be settled within 12 months	**168**	511
Expected to be settled after more than 12 months	**15,867**	16,461
	16,035	16,972
Movements:		
Opening balance	**16,972**	17,802
Additions - business acquisitions	**1,020**	198
Reduction - business disposal	**-**	(244)
Credited to profit or loss	**(2,073)**	(834)
Foreign currency exchange differences	**116**	50
Balance at 30 September	**16,035**	16,972

9 Income tax (continued)

d) Unrecognised deferred tax assets and liabilities

	2015 $'000	2014 $'000
Tax losses and other deferred tax assets not recognised in:		
China[1]	**9,435**	9,264
Hong Kong	**545**	536
	9,980	9,800

[1] Expiration dates between 2015 and 2020 (2014: between 2014 and 2019).

A deferred tax liability of $2,512,000 (2014: $652,000) has not been recognised in respect of temporary differences arising as a result of the translation of the financial statements of the Company's subsidiaries. The deferred tax liability will only be realised in the event of disposal of the Company's subsidiaries and no such disposal is expected in the foreseeable future.

e) New Zealand Inland Revenue Department proceedings

On 14 February 2014, the Group announced that it had reached a settlement with the New Zealand Commissioner of Inland Revenue in relation to its Option Convertible Note (OCN) tax matter. The total provision, recognised as part of provisions for contingent liabilities from business acquisitions and current tax, immediately prior to the settlement was NZD 15,238,000. This total liability was recognised as part of the acquisition accounting for Alesco Limited in the financial year ended 30 September 2014. As a result of the settlement, the total provision was substantially utilised during the financial year ended 30 September 2014, with the Group making cash payments totalling NZD 8,931,000 (AUD 8,452,000) and recognising a reversal of provisions of NZD 6,307,000 (AUD 5,917,000) (recognised as part of other expenses in the consolidated income statement).

10 Trade and other receivables

	2015 $'000	2014 $'000
Current		
Trade receivables	**259,309**	231,918
Less allowance for impairment	**(6,144)**	(4,048)
	253,165	227,870
Other receivables	**4,689**	5,099
	257,854	232,969
Non-current		
Other receivables	**85**	30

a) Trade receivables

Current receivables is net of $22,087,000 (2014: $24,694,000) rebates payable. The Group has the legal right to offset such balances as they are with the same customers and it is the Group's intention to net settle any outstanding balances.

b) Trade receivables and allowance for impairment

The aging of trade receivables according to their due date is as follows:

	2015 Gross $'000	2015 Allowance $'000	2014 Gross $'000	2014 Allowance $'000
Not past due	**224,434**	**198**	202,812	123
Past due 0 - 30 days	**16,788**	**25**	14,675	40
Past due 31 - 60 days	**3,700**	**38**	3,462	128
Past due 61 - 90 days	**2,912**	**104**	2,675	135
Past due 91 - 120 days	**6,083**	**2,614**	3,537	940
Past 120 days	**5,392**	**3,165**	4,757	2,682
	259,309	**6,144**	231,918	4,048

There are no individually significant receivables that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired. No material security is held over trade receivables.

10 Trade and other receivables (continued)

c) Movement in allowance for impairment of trade receivables

	2015 $'000	2014 $'000
Opening balance	**4,048**	3,079
Allowances made (net of written back) during the year	**3,939**	2,740
Allowances utilised during the year	**(2,129)**	(1,849)
Foreign currency exchange differences	**286**	78
Balance at 30 September	**6,144**	4,048

11 Inventories

	2015 $'000	2014 $'000
Raw materials	**35,287**	32,934
Work in progress	**5,412**	5,209
Finished goods	**175,337**	165,596
	216,036	203,739

The cost of goods sold recognised in the consolidated income statement for the financial year ended 30 September 2015 amounted to $956,686,000 (2014: $917,972,000).

12 Investment accounted for using the equity method

The consolidated entity has an interest in the following joint venture arrangement:

	2015 $'000	2014 $'000
Pinegro Products Pty Ltd		
Percentage of ownership interest held[1]	**50%**	50%
Opening balance	**5,423**	4,678
Contribution to net profit	**919**	995
Proceeds from joint venture distributions	**-**	(250)
Balance at 30 September	**6,342**	5,423

(1) Acquired on 1 December 2009 and incorporated on 10 April 1979.

a) Transactions and balances with joint venture

Transactions during the financial year and outstanding balances at reporting date with Pinegro Products Pty Ltd are:

	2015 $	2014 $
Joint ventures		
Sales of goods	**363,682**	265,043
Purchases of goods	**3,108,527**	2,618,182
Distributions received	**-**	250,000
Current receivables	**123,805**	17,897
Current payables	**720,728**	698,889

All transactions with Pinegro Products Pty Ltd are made on normal commercial terms and conditions and in the ordinary course of business. No provisions for doubtful debts have been raised against amounts receivable from Pinegro Products Pty Ltd. There were no commitments and contingent liabilities in Pinegro Products Pty Ltd as at 30 September 2015 (2014: $NIL).

13 Property, plant and equipment

	Land $'000	Buildings and leasehold improvements $'000	Machinery, plant and equipment $'000	Total $'000
2015				
Cost	**38,557**	**94,144**	**370,948**	**503,649**
Less accumulated depreciation and impairment	**-**	**(37,150)**	**(204,634)**	**(241,784)**
Net book value	**38,557**	**56,994**	**166,314**	**261,865**
Balance at 1 October 2014	**37,148**	**58,638**	**166,208**	**261,994**
Additions	**1,343**	**1,405**	**23,242**	**25,990**
Additions - business acquisitions	**-**	**-**	**294**	**294**
Disposals	**-**	**(128)**[(1)]	**(567)**	**(695)**
Depreciation expense	**-**	**(3,242)**	**(24,729)**	**(27,971)**
Foreign currency exchange differences	**66**	**321**	**1,866**	**2,253**
Balance at 30 September 2015	**38,557**	**56,994**	**166,314**	**261,865**
2014				
Cost	37,148	91,207	346,333	474,688
Less accumulated depreciation and impairment	-	(32,569)	(180,125)	(212,694)
Net book value	37,148	58,638	166,208	261,994
Balance at 1 October 2013	37,112	60,541	166,156	263,809
Additions	-	739	27,033	27,772
Adjustment - prior year acquisitions	-	-	(1,124)	(1,124)
Disposals	-	(68)[(1)]	(1,317)	(1,385)
Depreciation expense	-	(2,674)	(25,014)	(27,688)
Foreign currency exchange differences	36	100	474	610
Balance at 30 September 2014	37,148	58,638	166,208	261,994

[(1)] Includes an amount of $128,000 (2014: $58,000) relating to the reassessment of the leased properties restoration provision.

Included in the above are assets under construction at 30 September 2015 of $19,509,000 (2014: $11,877,000).

14 Intangible assets

	Goodwill $'000	Patents, trademarks and rights $'000	Brand names $'000	Software $'000	Customer contracts $'000	Total $'000
2015						
Cost	**138,160**	**8,145**	**66,176**	**33,754**	**29,300**	**275,535**
Less accumulated amortisation	**-**	**(5,767)**	**(1,036)**	**(26,936)**	**(9,667)**	**(43,406)**
Net book value	**138,160**	**2,378**	**65,140**	**6,818**	**19,633**	**232,129**
Balance at 1 October 2014	**130,838**	**2,801**	**61,495**	**6,712**	**23,070**	**224,916**
Additions	**-**	**100**	**-**	**2,898**	**-**	**2,998**
Additions - business acquisitions	**7,301**	**-**	**3,400**	**-**	**-**	**10,701**
Disposals	**-**	**-**	**-**	**(26)**	**-**	**(26)**
Amortisation expense	**-**	**(530)**	**(179)**	**(2,781)**	**(3,437)**	**(6,927)**
Foreign currency exchange differences	**21**	**7**	**424**	**15**	**-**	**467**
Balance at 30 September 2015	**138,160**	**2,378**	**65,140**	**6,818**	**19,633**	**232,129**
2014						
Cost	130,838	7,962	62,282	30,698	29,300	261,080
Less accumulated amortisation	-	(5,161)	(787)	(23,986)	(6,230)	(36,164)
Net book value	130,838	2,801	61,495	6,712	23,070	224,916
Balance at 1 October 2013	138,404	3,143	62,538	6,694	24,979	235,758
Additions	-	-	-	3,110	-	3,110
Additions - business acquisitions	716	386	-	-	-	1,102
Adjustment - prior year acquisition	1,601	-	-	-	1,500	3,101
Disposals	(917)	-	(981)	(13)	-	(1,911)
Amortisation expense	-	(728)	(285)	(3,071)	(3,409)	(7,493)
Impairment	(9,228)	-	-	-	-	(9,228)
Foreign currency exchange differences	262	-	223	(8)	-	477
Balance at 30 September 2014	130,838	2,801	61,495	6,712	23,070	224,916

Included in the above are software assets under development at 30 September 2015 of $2,428,000 (2014: $68,000).

a) Allocation of goodwill and intangible assets with indefinite useful lives

The allocation of goodwill and brand names with indefinite useful lives to cash-generating units is as follows:

	Goodwill		Brand Names	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Paints Australia	**29,078**	21,777	**26,900**	23,500
Consumer and Construction Products ANZ	**43,280**	43,271	**3,400**	3,400
Yates ANZ	**8,143**	8,131	**14,858**	14,858
Garage Doors and Openers	**39,466**	39,466	**15,000**	15,000
Cabinet and Architectural Hardware	**18,193**	18,193	**2,400**	2,400
	138,160	130,838	**62,558**	59,158

b) Impairment testing of goodwill and intangible assets with indefinite useful lives

The review for impairment at 30 September 2015 did not result in impairment charges being recognised by the Group (2014: $9,228,000 relating to the China CGU).

15 Trade and other payables

	2015 $'000	2014 $'000
Current		
Trade payables	**214,760**	197,384
Other payables	**52,517**	53,898
	267,277	251,282
Non-current		
Other payables	**276**	292
	276	292

16 Provisions

	Employee entitlements $'000	Restru-cturing $'000	Deferred income - customer loyalty programme $'000	Leased properties $'000	Warranty $'000	Contingent liability from business acquisition $'000	Other $'000	Total $'000
2015								
Current	**21,930**	**7,828**	**1,625**	**680**	**1,366**	**-**	**144**	**33,573**
Non-current	**30,074**	**10,250**	**1,439**	**8,469**	**-**	**-**	**11**	**50,243**
Total provisions	**52,004**	**18,078**	**3,064**	**9,149**	**1,366**	**-**	**155**	**83,816**
Balance at 1 October 2014		**349**	**3,262**	**10,597**	**1,521**	**695**	**1,096**	
Provisions made (net of amounts written back) during the year		**17,030**	**1,832**	**(1,798)**	**2,811**	**(843)**	**(926)**	
Provisions utilised during the year		**(416)**	**(2,204)**	**(600)**	**(2,968)**	**-**	**(15)**	
Unwind of discounting		**1,048**	**174**	**827**	**-**	**-**	**-**	
Foreign currency exchange differences		**67**	**-**	**123**	**2**	**148**	**-**	
Balance at 30 September 2015		**18,078**	**3,064**	**9,149**	**1,366**	**-**	**155**	
2014								
Current	21,629	349	2,018	821	1,521	695	1,096	28,129
Non-current	29,760	-	1,244	9,776	-	-	-	40,780
Total provisions	51,389	349	3,262	10,597	1,521	695	1,096	68,909
Balance at 1 October 2013		464	2,540	12,250	1,570	8,025	4,938	
Adjustment for prior year acquisitions		-	-	-	-	2,475	(32)	
Provisions made (net of amounts written back) during the year		1,750	1,699	(255)	2,718	(5,917)	(315)	
Provisions utilised during the year		(1,865)	(1,195)	(2,954)	(2,770)	(4,484)	(3,496)	
Unwind of discounting		-	218	1,525	-	-	-	
Foreign currency exchange differences		-	-	31	3	596	1	
Balance at 30 September 2014		349	3,262	10,597	1,521	695	1,096	

a) Other

Other provisions largely comprises of amounts for environmental matters and sales returns.

17 Interest-bearing liabilities

	2015 $'000	2014 $'000
Current		
Unsecured		
Bank loan - AUD denominated	**-**	6,000
Bank loan - RMB denominated[(1)]	**10,039**	8,175
Bank loan - HKD denominated[(2)]	**4,611**	590
	14,650	14,765
Non-current		
Unsecured		
Bank loan - AUD denominated[(3)]	**108,540**	152,598
United States Private Placement (USPP)[(4)]	**273,018**	213,494
	381,558	366,092

(1) The current Chinese Reminbi (RMB) unsecured bank loan amount comprises of RMB 44,624,000 (AUD 10,039,000) (2014: RMB 44,106,000 (AUD 8,175,000)) drawn under an overseas bank loan facility.
(2) The current Hong Kong Dollar (HKD) unsecured bank loan amount comprises of HKD 25,000,000 (AUD 4,611,000) (2014: HKD 4,000,000 (AUD 590,000)) drawn under an overseas bank loan facility.
(3) The non-current AUD denominated unsecured bank loan amount comprises of AUD 110,000,000 (2014: AUD 154,000,000) drawn under the Group's syndicated bank loan facilities, net of unamortised prepaid loan establishment fees of AUD 1,460,000 (2014: AUD 1,402,000).
(4) The fair value of the USPP is net of unamortised prepaid loan establishment fees of AUD 1,038,000 (2014: AUD 1,097,000).

a) United States Private Placement (USPP)

The USPP comprises of notes with a face value of USD 149,500,000 and AUD 40,000,000. The Group has entered into Cross Currency Interest Rate Swaps (CCIRS) and Interest Rate Swaps (IRS) to manage its exposure to the USD exchange rate (on both the principal and interest payments) and to convert the interest rate basis for the total borrowing from a fixed basis to floating. A summary of the USPP debt, net of associated hedging is as follows:

	2015 $'000	2014 $'000
USPP - carrying amount	**273,018**	213,494
add back: USPP prepaid loan establishment fees	**1,038**	1,097
USPP - fair value	**274,056**	214,591
CCIRS	**(69,016)**	(12,594)
IRS	**(3,975)**	(932)
Net USPP debt	**201,065**	201,065

b) Assets pledged as security

While there were no assets pledged as security by DuluxGroup Limited and its subsidiaries, entities have provided a guarantee in relation to the Group's syndicated bank loan facilities and other overseas bank facilities as outlined in note 26.

c) Defaults and breaches

During the current and prior year, there were no defaults or breaches of covenants on any loans.

18 Superannuation

a) Superannuation plans

The Group contributes to a number of superannuation plans that exist to provide benefits for employees and their dependants on retirement, disability or death. The superannuation plans cover company sponsored plans, other qualifying plans and multi-employer industry/union plans. The Group is required to contribute (to the extent required under Superannuation Guarantee legislation) to any choice fund nominated by employees, including self-managed superannuation funds.

Company sponsored plans

- The principal benefits are pensions or lump sum payments for members on resignation, retirement, disability or death. The benefits are provided on either a defined benefit basis or a defined contribution basis.
- Employee contribution rates are either fixed by the rules of the plans or selected by members from time to time from a specified range of rates. The employing entities contribute the balance of the cost required to fund the defined benefits or, in the case of defined contribution plans, the amounts required by the rules of the plan.
- The contributions made by the employing entities to defined contribution plans are in accordance with the requirements of the governing rules of such plans or as required under law.

Government plans

- Some subsidiaries participate in government plans on behalf of certain employees, which provide pension benefits. There exists a legally enforceable obligation on employer entities to contribute as required by legislation.

Industry plans

- Some subsidiaries participate in industry plans on behalf of certain employees.
- These plans operate on an accumulation basis and provide lump sum benefits for members on resignation, retirement, disability or death.
- The employer entities have a legally enforceable obligation to contribute a regular amount for each employee member of these plans.
- The employer entities have no other legal liability to contribute to the plans.

b) Defined contribution pension plans

The consolidated entity contributes to several defined contribution pension plans on behalf of its employees. Contributions are taken to the income statement in the year in which the expense is incurred. The amount recognised as an expense for the financial year ended 30 September 2015 was $20,467,000 (2014: $18,955,000).

c) Defined benefit pension plans

DuluxGroup (Australia) Pty Ltd is the sponsoring employer of the defined benefit post-employment section of The DuluxGroup Super Fund (the Fund) in Australia.

Funding for post-employment benefits is carried out in accordance with the requirements of the Trust Deed for the Fund and the advice of the Fund's actuarial adviser. The fund is closed to new members.

The principal actuarial assumptions used to calculate the net defined benefit liability are a discount rate (Corporate bond rate) of 4.1% (2014: 3.8% average State Government bond yield), future salary increases of 3.8% (2014: 3.8%) and future inflation of 2.5% (2014: 2.5%). The discount rate used for the purpose of estimating the net defined benefit liability was changed from the average State Government bond yields to the Corporate bond rate on 30 June 2015, the impact was a decrease to the net obligation of $13,640,000 and a corresponding increase to other comprehensive income.

18 Superannuation (continued)

c) Defined benefit pension plans (continued)

The amounts recognised in the balance sheet and a reconciliation of the movement in the net defined liability are as follows:

	2015	2014
	$'000	$'000
Present value of the defined benefit obligations	**167,558**	158,994
Fair value of defined benefit plan assets	**(145,451)**	(144,526)
Net defined benefit liability at 30 September	**22,107**	14,468
Opening balance	**14,468**	8,266
Actuarial losses [1]	**6,599**	6,139
Current service cost [2]	**4,455**	4,082
Interest cost [2]	**469**	289
Employer contributions [3]	**(3,884)**	(4,308)
Balance at 30 September	**22,107**	14,468

(1) Actuarial losses are recognised in other comprehensive income.
(2) Current service cost and interest cost are recognised in the consolidated income statement as part of employee benefits and finance expenses respectively.
(3) Employer contributions are cash payments which are recognised as part of payments to suppliers and employees in the cash flow statement.

The Group's external actuaries have forecasted total employer contributions to the Fund of $4,098,000 for the financial year ending 30 September 2016.

The plan exposes the Group to a number of risks, asset volatility, changes in bond yields and inflation risks. Derivatives are not used to manage risk, instead investments are well diversified, such that failure of any single investment would not reasonably be expected to have a material impact on the overall level of assets. The process used to manage risk has not changed from previous periods.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2015	2014
Cash and other assets	**28%**	26%
Equity instruments	**41%**	42%
Fixed interest securities	**17%**	18%
Property	**14%**	14%

19 Financial and capital management

a) Capital management

The Group's objectives when managing capital (net debt and total equity) are to safeguard the consolidated entity's ability to continue as a going concern whilst optimising its debt and equity structure.

The Group manages its capital through various means including:

Raising or returning capital	+	Raising or repaying a mix of long and short term borrowings	+	Adjusting the amount of dividends paid to shareholders	+	Operating a dividend reinvestment plan (DRP)	+	Issuing new or buying existing capital to satisfy the DRP and employee share plans

The Group monitors capital using various credit metrics and accounting gearing ratios. The key metrics and ratios are set out below:

	Calculation	2015 $'000	2014 $'000	Metric/Ratio
Net debt to EBITDA	Gross interest-bearing liabilities	**398,706**	383,356	**1.2 times** (2014: 1.5 times)
	Less: Prepaid loan establishment fees	**(2,498)**	(2,499)	
	USPP derivatives [1]	**(72,991)**	(13,526)	
	Cash and cash equivalents	**(46,270)**	(35,118)	
	Net debt	**276,947**	332,213	
	EBITDA excluding non-recurring items [2]	**227,271**	218,965	
Interest cover ratio	EBITDA excluding non-recurring items [2]	**227,271**	218,965	**13.1 times** (2014: 10.0 times)
	Net finance costs	**21,255**	26,182	
	Addback : Amortisation of prepaid loan establishment fees	**(1,399)**	(2,203)	
	Unwind of discounting	**(2,049)**	(1,743)	
	Defined benefit fund interest	**(469)**	(289)	
	Adjusted net finance costs	**17,338**	21,947	
Accounting gearing ratio	Net debt [3]	**276,947**	332,213	**44%** (2014: 53%)
	Net debt plus total equity	**628,192**	623,874	

(1) Foreign currency and interest rate hedges relating to the USPP notes.
(2) Earnings before interest, income tax expense, depreciation and amortisation (EBITDA) after excluding restructuring costs relating to supply chain projects, refer to note 4 (2014: EBITDA after excluding impairment to recoverable amount of intangible assets in China ($9,228,000), and integration costs associated with the Alesco acquisition ($5,345,000) and reversal of the provision for contingent liabilities from business acquisitions relating to the OCN tax matter ($5,917,000)).
(3) Refer calculation of net debt presented above for the Net Debt to EBITDA metric.

b) Financial risk management

The Group has exposure to the following principle financial risks:

- Market risk (interest rate, foreign exchange and commodity price risks)
- Liquidity risk
- Credit risk

The Group's overall risk management program seeks to mitigate these risks and reduce the volatility of the Group's financial performance. All financial risk management is carried out or monitored centrally by the Treasury department and is undertaken in accordance with various treasury risk management policies (the Treasury Policy) approved by the Board.

The Group enters into derivative transactions for risk management purposes only. Derivative transactions are entered into to hedge financial risk relating to underlying physical exposures arising from business activities. Types of derivative financial instruments used to hedge financial risks (such as changes to interest rates and foreign currencies) include interest rate options, interest rate swaps, foreign exchange options and forward exchange contracts.

The Group's approach to managing its principle financial risks is set out in sections 19(c) to 19(e) below.

19 Financial and capital management (continued)

c) Market risk

i) Interest rate risk

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

The Group is primarily exposed to interest rate risk on outstanding long term interest-bearing liabilities. Interest rate risk on long term interest-bearing liabilities is managed by adjusting the ratio of fixed interest debt to variable interest debt. Under the Treasury Policy, a maximum of 90% of debt with a maturity of less than five years can be fixed and a maximum 50% of debt with a maturity of five years or greater can be fixed. The Group operated within this range during the current year. As at 30 September 2015, the Group has fixed the base interest rate applicable on AUD 150,000,000 of debt to August 2017, using interest rate swap transactions.

The Group's exposure to interest rate risk as at 30 September and the weighted average effective interest rates on financial assets and liabilities at 30 September are set out below:

	2015 $'000	**2015 %p.a**	2014 $'000	2014 %p.a
Cash at bank and on hand	**46,270**	**0.7**	35,118	1.5
Net interest bearing liabilities [1]	**325,715**	**4.5**	369,830	4.9

[1] Excludes the impact of the prepaid loan establishment fees, and is net of hedges relating to the USPP notes.

The table below shows the effect on profit after income tax expense and total equity had interest rates (based on the relevant interest rate yield curve applicable to the underlying currency in which the Group's financial assets and liabilities are denominated) been 10% higher or lower than the year end rate. Whilst directors cannot predict movements in interest rates, a sensitivity of 10% on the Group's effective interest rate is considered reasonable taking into account the current level of both short term and long term interest rates.

	Increase/(decrease) in profit after income tax expense [1]		**Increase/(decrease) in total equity [1]**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Interest rates were -10%	**473**	668	**219**	695
Interest rates were +10%	**(473)**	(668)	**(219)**	(695)

[1] All other variables held constant, taking into account all underlying exposures and related hedges and does not take account of the impact of any management action that might take place if these events occurred.

ii) Foreign exchange risk

Foreign exchange risk - transactional

Transactional foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset or liability or cash flow will fluctuate due to changes in foreign currency rates. The primary foreign currency exposures are USD, NZD, RMB, HKD and EUR.

The Group's policy allows hedging to be undertaken to protect against unfavourable foreign currency movements on purchases, however there is flexibility as to when hedging is initiated and the instrument used to hedge the risk (typically forward exchange options or forward exchange contracts). In determining which instrument to use, consideration is given to the ability of the Group to participate in favourable movements in exchange rates.

The Group is exposed to foreign exchange risk primarily due to purchases and sales being denominated, either directly or indirectly in currencies other than the functional currencies of the consolidated entity's subsidiaries. Approximately 30% to 40% of the Group's purchases are denominated in, or are directly linked to the major currency exposures USD, RMB and EUR.

19 Financial and capital management (continued)

c) Market risk (continued)

The Group's net exposure, after taking account of relevant hedges, from a balance sheet perspective including external and internal balances (eliminated on consolidation) for the major currency exposures at 30 September are set out below (Australian dollar equivalents):

	2015					2014				
	USD	**NZD**	**RMB**	**HKD**	**EUR**	USD	NZD	RMB	HKD	EUR
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000
Reported exchange rate	**0.700**	**1.100**	**4.445**	**5.421**	**0.622**	0.874	1.123	5.395	6.783	0.689
Cash	**3,073**	**1,543**	**-**	**187**	**257**	1,490	7,678	-	1,136	168
Trade and other receivables	**2,507**	**73**	**-**	**-**	**99**	2,551	10	-	-	-
Trade and other payables	**(5,370)**	**(1,225)**	**(236)**	**(316)**	**(1,987)**	(7,075)	(555)	(5,060)	(57)	(778)
Interest-bearing liabilities	**(601)**	**-**	**-**	**-**	**-**	(118)	(5,210)	-	-	-
Net exposure	**(391)**	**391**	**(236)**	**(129)**	**(1,631)**	(3,152)	1,923	(5,060)	1,079	(610)

The table below shows the effect on profit after income tax expense and total equity from the major currency exposures, had the rates been 10% higher or lower than the year end rate. Whilst directors cannot predict movements in foreign exchange rates, a sensitivity of 10% is considered reasonable taking in to account the current level of exchange rates and the volatility observed on a historical basis.

	Increase/(decrease) in profit after income tax expense(1)					Increase/(decrease) in total equity(1)				
	USD	**NZD**	**RMB**	**HKD**	**EUR**	**USD**	**NZD**	**RMB**	**HKD**	**EUR**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2015										
Foreign exchange rates -10%	**(30)**	**30**	**(18)**	**(10)**	**(127)**	**(30)**	**30**	**(18)**	**(10)**	**(127)**
Foreign exchange rates +10%	**25**	**(25)**	**15**	**8**	**104**	**25**	**(25)**	**15**	**8**	**104**
2014										
Foreign exchange rates -10%	(245)	271	(394)	84	(47)	(245)	271	(394)	84	(47)
Foreign exchange rates +10%	201	(222)	322	(69)	39	201	(222)	322	(69)	39

(1) All other variables held constant, and taking into account all underlying exposures and related hedges.

In addition, the Group has a number of pricing arrangements with suppliers for purchases in EUR and USD that allow the Group to be invoiced in the AUD equivalent value of these purchases. Although the Group's balance sheet at 30 September 2015 is not exposed to these arrangements, the fluctuations of the AUD/EUR and AUD/USD exchange rate will impact on the AUD amount ultimately invoiced to the Group.

Foreign exchange risk – translational

Translational foreign exchange risk refers to the risk that the value of foreign earnings (primarily NZD, PGK and RMB) translated to AUD will fluctuate due to foreign currency rates.

The Group's policy allows for economic hedging to be undertaken to reduce the volatility of full year earnings. At 30 September 2015, the Group did not have any outstanding derivative instruments pertaining to foreign currency earnings (2014: NIL).

iii) Commodity price risk

The Group is exposed to commodity price risk from a number of commodities, including titanium dioxide, tin plate, hot rolled coil steel and some petroleum based inputs, for example latex and resin. The cost of these inputs is impacted by changes in commodity prices, foreign currency movements and industry specific factors. To the extent that any increases in these costs cannot be passed through to customers in a timely manner, the Group's profit after income tax and shareholder's equity could be impacted adversely. For major suppliers, this impact is managed through a range of contractual mechanisms which assist to minimise the impact, or provide sufficient visibility over when these impacts will affect the Group's profit.

19 Financial and capital management (continued)

d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group manages liquidity risk by:

- Maintaining an adequate level of undrawn committed facilities in various currencies that can be drawn upon at short notice;
- Retaining appropriate levels of cash and cash equivalent assets;
- To the extent practicable, the spreading of the maturity dates of long term debt facilities; and
- Monitoring expected liquidity requirements on an ongoing basis taking account of forecast business performance and critical assumptions such as input costs, sales price and volumes, exchange rates and capital expenditure.

Facilities available and the amounts drawn and undrawn as at 30 September are as follows:

	Unsecured bank overdraft facilities[1]		Committed standby and loan facilities[2,3]	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Amount of committed facilities	**22,455**	22,343	**619,913**	616,461
Amount of committed facilities undrawn	**22,455**	16,343	**294,198**	252,631

(1) The bank overdrafts are payable on demand and are subject to an annual review.

(2) As at the 30 September 2015, the maturity dates of the committed loan facilities range from 8 November 2016 to 19 September 2026 (2014: 8 November 2015 to 19 September 2026).

(3) Includes AUD 400,000,000 (2014: AUD 400,000,000) unsecured multi-currency syndicated bank loan facility, and AUD 201,065,000 (2014: AUD 201,065,000) USPP Bond. Includes the RMB 60,000,000 (AUD 13,498,000) (2014: RMB 60,000,000 (AUD 11,121,000)) unsecured bank loan facility established in China and two unsecured bank loan facilities established in Hong Kong for HKD 19,000,000 (AUD 3,505,000) (2014: HKD 19,000,000 (AUD 2,801,000)) and HKD 10,000,000 (AUD 1,845,000) (2014: HKD 10,000,000 (AUD 1,474,000)) respectively. The Group has a 51% share in all three of the loan facilities established in China and Hong Kong.

The contractual maturity of the Group's fixed and floating rate financial liabilities and derivatives, based on the financing arrangements in place at 30 September are shown in the table below. The amounts shown represent the future undiscounted principal and interest cash flows:

2015	Carrying amount $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities						
Trade and other payables	**267,553**	**267,276**	**63**	**200**	**277**	**267,816**
Bank loans and derivative financial liabilities	**398,861**[1]	**28,232**	**118,631**	**24,405**	**235,542**	**406,810**
	666,414	**295,508**	**118,694**	**24,605**	**235,819**	**674,626**
2014						
Financial liabilities						
Trade and other payables	251,574	251,282	292	-	-	251,574
Bank loans and derivative financial liabilities	380,857[1]	35,295	20,210	184,858	248,704	489,067
	632,431	286,577	20,502	184,858	248,704	740,641

(1) Excludes the impact of the prepaid loan establishment fees.

19 Financial and capital management (continued)

e) Credit risk

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations. Credit risk arises principally from the Group's cash and receivables from customer sales and derivative financial instruments. The maximum exposure to credit risk is the carrying value of receivables. No material collateral is held as security over any of the receivables.

The Group has policies in place to ensure customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation. The Group has some major customers who represent a significant proportion of its revenue. However, in these instances the customer's size, credit rating and long term history of full debt recovery are indicators of lower credit risk.

Credit risk from derivative financial instruments and cash arises from balances held with counterparty financial institutions. To manage this risk, the Group restricts dealings to highly rated counterparties approved within its credit limit policy. The allowable exposure to the counterparty is directly proportional to their credit rating. The consolidated entity does not hold any credit derivatives or collateral to offset its credit exposures. Given the high credit ratings of the Group's counterparties at 30 September 2015, it is not expected that any counterparty will fail to meet its obligations.

f) Fair value estimation

The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same.

The methods and assumptions used to estimate the fair value of the finacial instruments are as follows:

	Instruments	Valuation technique
Carrying amount approximates fair value	Cash	Carrying amount is fair value due to the liquid nature of these assets
	Receivables/payables	Carrying amount approximates fair value due to the short term nature of these financial instruments
Measured at fair value[1]	Interest rate swaps	Fair value is determined using present value of estimated future cash flows based on observable yield curves
	Forward foreign exchange contracts	Fair value is determined using prevailing forward exchange rates at balance sheet date
	Other financial instruments (including Interest bearing liabilities)	Fair value is determined using discounted cash flow

(1) The Group uses the measurement hierarchy as set out in the accounting standards to value and recognise financial instruments measured at fair value. The Group only holds Level 2 financial instruments which are valued using observable market data.

19 Financial and capital management (continued)

g) Financial instruments

The Group held the following financial instruments as at 30 September:

	Cash and cash equivalents $'000	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Derivative instruments designated as hedges $'000	Total carrying amount $'000
2015					
Financial assets					
Cash at bank and on hand	**46,270**	**-**	**-**	**-**	**46,270**
Trade and other receivables	**-**	**257,939**	**-**	**-**	**257,939**
Derivative financial assets	**-**	**-**	**-**	**75,233**	**75,233**
	46,270	**257,939**	**-**	**75,233**	**379,442**
Financial liabilities					
Trade and other payables	**-**	**-**	**267,553**	**-**	**267,553**
Interest-bearing liabilities	**-**	**-**	**396,208**	**-**	**396,208**
Derivative financial liabilities	**-**	**-**	**-**	**2,653**	**2,653**
	-	**-**	**663,761**	**2,653**	**666,414**
2014					
Financial assets					
Cash at bank and on hand	35,118	-	-	-	35,118
Trade and other receivables	-	232,999	-	-	232,999
Derivative financial assets	-	-	-	12,222	12,222
	35,118	232,999	-	12,222	280,339
Financial liabilities					
Trade and other payables	-	-	251,574	-	251,574
Interest-bearing liabilities	-	-	380,857	-	380,857
	-	-	632,431	-	632,431

20 Contributed equity

Movements in contributed equity since 1 October 2014 were as follows:

	Ordinary shares		Treasury shares		Total contributed equity	
Details	**Number of shares**	**2015 $'000**	**Number of shares**	**2015 $'000**	**Number of shares**	**2015 $'000**
Balance at 1 October 2014	383,503,942	236,114	(2,625,070)	(7,625)	380,878,872	228,489
Shares issued under the DuluxGroup dividend reinvestment plan (DRP)[(1)]	3,598,245	20,434	-	-	3,598,245	20,434
Shares issued under the 2014 LTEIP and ESIP	2,148,065	-	-	-	2,148,065	-
Shares vested under the LTEIP and ESIP	-	(65)	2,570,424	7,466	2,570,424	7,401
Balance at 30 September 2015	**389,250,252**	**256,483**	**(54,646)**	**(159)**	**389,195,606**	**256,324**

(1) The Company has established a DRP under which holders of ordinary shares may be able to elect to have all or part of their dividend entitlements satisfied by the issue of new fully paid ordinary shares or shares purchased on-market.

20 Contributed equity (continued)

a) Shares issued to subsidiaries

The Group has formed a trust to administer the Group's employee share schemes.

Shares held by the trust for the purpose of the employee share schemes are either recognised as treasury shares if they were originally purchased on-market, or where new ordinary share capital is issued to the trust and continues to be held at balance date, this ordinary share capital is not recognised in contributed equity on consolidation.

Movements in shares held by the trust since 1 October 2014 are as follows:

	Number of shares		
Details	**Issued ordinary capital**	**Treasury**	**Total**
Balance at 1 October 2014	5,189,985	2,625,070	7,815,055
Shares issued under the 2014 LTEIP and ESIP	2,148,065	-	2,148,065
Shares issued under the DuluxGroup DRP	4,259	-	4,259
Shares vested under the LTEIP and ESIP	(74,586)	(2,570,424)	(2,645,010)
Balance at 30 September 2015	**7,267,723**	**54,646**	**7,322,369**

In the event that all shares held by the trust vest in full with no debt forgiveness, the maximum outstanding proceeds expected to be received from employee share plan repayments is $28,770,000.

21 Dividends

	2015	2014
	$'000	$'000
Dividends paid		
Final dividend for 2014 of 10.5 cents per share fully franked (2013: Final dividend of 9.5 cents per share fully franked)	**39,918**	35,419
Interim dividend for 2015 of 11.0 cents per share fully franked (2014: Interim dividend of 10.0 cents per share fully franked)	**42,350**	37,733
	82,268	73,152
Dividend franking account		
Franking credits available to shareholders for subsequent financial years based on a tax rate of 30% (2014: 30%)	**23,950**	21,753

a) Dividends declared after balance date

Details of the final dividend declared since balance date is set out in note 31.

22 Share-based payments

Total expenses arising from share-based payment transactions recognised during the financial year as part of employee benefit expense were as follows:

	2015	2014
	$	$
DuluxGroup Long Term Equity Incentive Plan[1]	**2,672,737**	2,514,125
DuluxGroup Employee Share Investment Plan	**955,063**	934,575
	3,627,800	3,448,700

[1] In accordance with AASB 2 *Share-based Payment*, represents the expense incurred during the financial year in respect of current incentive allocations to executives. These amounts are therefore not amounts actually received by executives during the financial year. Whether an executive receives any value from the allocation of long term incentives in the future will depend on the performance of the Company's shares. The minimum potential future value of grants under LTEIP is $NIL (2014: $NIL).

22 Share-based payments (continued)

a) DuluxGroup Long Term Equity Incentive Plan (LTEIP)

The LTEIP has been established to incentivise executives to generate shareholder wealth. Detailed remuneration disclosures, including the link between the LTEIP and shareholder wealth, are provided in the Remuneration Report section of the 2015 Annual Report.

Under the LTEIP, eligible executives are provided with an interest free, non-recourse loan from the Group for the sole purpose of acquiring shares in the Company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. Executives are entitled to exercise the voting rights attaching to their DuluxGroup ordinary shares from the date of allocation of those shares. Settlement of share loans upon vesting are recognised as contributed equity. If the executive leaves the Group within the vesting period the shares allocated are returned to the Group, subject to discretion retained by the Directors. Shares allocated under this plan in conjunction with non-recourse loans are accounted for as options. A share-based payments expense is recognised in the income statement over the vesting period based on the fair value of the options.

The Board has implemented a gateway level of minimum performance for the DuluxGroup LTEIP below which no benefit accrues, being a Board determined compound annual EPS growth over the three year period calculated from the 30 September preceding the grant date. The gateway for the unvested plans is 4%. This gateway is a minimum level of acceptable performance for any of the LTEIP shares to vest.

Where the gateway EPS level of performance is met, the relative Total Shareholder Return (TSR) performance hurdle is used to determine the level of loan forgiveness which may apply (the forgiveness amount). There is no loan forgiveness amount if the Group's relative TSR is below the 51st percentile against a comparator group. If the Group's relative TSR is greater than or equal to the 51st percentile, a proportion of the initial loan balance (on a 'sliding scale' from 10% at the 51st percentile up to a maximum of 30% at or above the 75th percentile) is forgiven.

Details of shares issued under these plans are as follows:

							Number of shares				
Grant date	Life of share options (years)	Expiry date	Grant date share price	Fair value at grant date	Risk free interest rate	Share price volatility	Shares at start of year	Granted during year	Lapsed during year	Exercised during year	Balance at end of year
LTEIP plans											
2 Dec 11	3.1	Jan 15	$2.88	$0.94	3.2%	25.0%	2,211,901	-	-	(2,211,901)	-
30 Nov 12	3.1	Jan 16	$3.50	$0.99	2.6%	22.5%	1,975,233	-	(52,674)	-	1,922,559 (1)
28 Jun 13	2.6	Jan 16	$4.21	$1.26	2.8%	22.5%	286,447	-	(107,967)	-	178,480 (1)
29 Nov 13	3.1	Jan 17	$5.45	$1.71	3.0%	22.5%	2,077,503	-	(170,978)	-	1,906,525
28 Nov 14	3.1	Jan 18	$5.71	$1.72	2.5%	22.5%	-	2,123,354	(125,003)	-	1,998,351

(1) Since the end of the financial year, these shares have met the applicable DuluxGroup LTEIP performance condition and vested on 11 November 2015. The restriction on trading these shares will be lifted upon repayment of the loan. The loan must be repaid during the period from 27 November 2015 to 22 January 2016.

b) DuluxGroup Employee Share Investment Plan (ESIP)

In December 2014, eligible Australian employees of the Group were invited to acquire DuluxGroup ordinary shares to the value of $500 (through salary sacrifice) with the Group matching this participation up to a further $500 (December 2013: $500 with $500 matching). Eligible employees in New Zealand were invited to acquire ordinary shares to the value of NZD 390 (through salary sacrifice) with the Group matching this participation up to a further NZD 390 (December 2013: NZD 390 with NZD 390 matching). In accordance with AASB 2 the accounting expense to the Group for any matching is recognised in full at the time of the offer.

A share allocated to a participating employee under the ESIP has trade restrictions attached until the earlier of the end of three years after the date of allocation and the time when the participant ceases to be employed by DuluxGroup Limited or any of its subsidiaries. At the end of the restriction period, the employee will be able to sell or otherwise deal with their DuluxGroup shares.

22 Share-based payments (continued)

b) DuluxGroup Employee Share Investment Plan (ESIP) (continued)

Details of restricted shares issued under these plans is as follows:

Allocation date	Number of shares unvested at 30 September 2015
19 Dec 12	233,400
28 Jun 13	48,546
20 Dec 13	296,182
19 Dec 14	312,520

23 Director and executive disclosures

a) Key Management Personnel compensation summary

In accordance with the requirements of AASB 124 *Related Party Disclosures*, the Key Management Personnel (KMP) include Non-Executive Directors and members of the Group Executive Team who have authority and responsibility for planning, directing and controlling the activities of DuluxGroup. A summary of KMP compensation is set out in the table below.

	2015	2014
	$	$
Short term employee benefits	**6,622,771**	6,991,150
Other long term benefits	**57,481**	89,276
Post employment benefits	**168,894**	154,471
Share-based payments	**1,347,967**	1,220,824
Total	**8,197,113**	8,455,721

Information regarding the compensation of individual KMP and some equity instruments disclosure as required by Corporation Regulation 2M.3.03 is provided in the Remuneration Report section of the 2015 Annual Report.

b) Key Management Personnel transactions in shares and options

The total relevant interests of KMPs, including their related parties, in the share capital and options of the Company at 30 September are set out in the table below:

	2015	2014
	Number	Number
Number of options for fully paid ordinary shares	**2,826,302**	3,042,390
Number of fully paid ordinary shares	**2,069,611**	1,518,043

c) Other transactions and balances with Key Management Personnel

All transactions with KMPs are made on normal commercial terms and conditions and in the ordinary course of business. At 30 September 2015, travel expense claims, consulting and subsidiary board fees of $48,750 (2014: $43,750) remain unpaid to Ms Chew. There were no other transactions during the financial year nor balances owing to or from KMP as at 30 September 2015.

In the normal course of business, the Group occasionally enters into transactions with various entities that have Directors in common with the Group. Transactions with these entities are made on commercial arm's-length terms and conditions. The relevant Directors do not participate in any decisions regarding these transactions.

24 Commitments

a) Capital expenditure commitments

Capital expenditure as at 30 September 2015 on property and plant and equipment contracted but not provided for and payable was $14,840,000 (2014: $1,384,000).

b) Lease commitments – non-cancellable operating leases

The Group leases offices, warehouses, retail bulky goods and manufacturing sites under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. There are no restrictions placed upon the lessee by entering into these leases. Excess space is sub-let to third parties also under non-cancellable operating leases.

	2015	2014
	$'000	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
- No later than one year	**39,321**	28,722
- Later than one, no later than five years	**115,023**	64,007
- Later than five years	**72,337**	17,093
	226,681	109,822

Not included in the above commitments are contingent rental payments which may arise as part of rental increases indexed to the Consumer Price Index (CPI) or the higher of a fixed rate or the CPI.

	2015	2014
	$'000	$'000
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**7,226**	6,566

25 Contingent liabilities

The nature of the Group's consumer products business and its geographic diversity means that the Company receives a range of claims from various parties and is from time to time required to make its own assessment of obligations arising from legislation across the jurisdictions in which it operates. These claims, and actual or potential obligations, are evaluated on a case-by-case basis considering the information and evidence available as well as specialist advice as required to assess the appropriate outcome.

The outcome of currently pending and future litigation cannot be predicted with certainty. Accordingly, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and that could materially affect the financial position, results of operations or cash flows of the Company or Group. Litigation and other judicial proceedings raise difficult legal issues and are subject to many complexities. Upon resolution of a legal matter, the Company or Group may incur charges in excess of the presently established provisions and related insurance coverage. Where it is considered probable that a future obligation will result in a material outflow of resources, then this is accounted for accordingly by the Company or Group.

26 Subsidiaries

The consolidated financial statements at 30 September incorporate the assets, liabilities and results of DuluxGroup Limited and the following subsidiaries in accordance with the accounting policies.

Name of entity	Country of incorporation /registration	Equity holding 2015 %	2014 %
DuluxGroup (Investments) Pty Ltd[1,2]	Australia	**100**	100
DuluxGroup (Finance) Pty Ltd[1,2]	Australia	**100**	100
DuluxGroup (New Zealand) Pty Ltd[1,2]	Australia	**100**	100
DuluxGroup (Australia) Pty Ltd[1,2]	Australia	**100**	100
Dulux Holdings Pty Ltd[1,2]	Australia	**100**	100
DuluxGroup (Employee Share Plans) Pty Ltd[1]	Australia	**100**	100
DuluxGroup Employee Share Plan Trust	Australia	**100**	100
DuluxGroup (Nominees) Pty Ltd[1,2]	Australia	**100**	100
Alesco Corporation Limited [1,2]	Australia	**100**	100
Alesco Finance Pty Ltd[1,2]	Australia	**100**	100
Alesco Holdings Pty Ltd[1]	Australia	**100**	100
Alesco No. 2 Pty Ltd[1]	Australia	**100**	100
Alesco No. 1 Pty Ltd[1]	Australia	**100**	100
B&D Australia Pty Ltd[1,2]	Australia	**100**	100
Automatic Technology (Australia) Pty Ltd[1,2]	Australia	**100**	100
Parchem Construction Supplies Pty Ltd[1,2]	Australia	**100**	100
Robinhood Australia Pty Ltd[1]	Australia	**100**	100
Lincoln Sentry Group Pty Ltd[1,2]	Australia	**100**	100
Concrete Technologies Pty Ltd[1]	Australia	**100**	100
Pargone Pty Ltd[1]	Australia	**100**	100
ACN 009 130 858 Pty Ltd[1]	Australia	**100**	100
ACN 000 639 252 Pty Ltd[1]	Australia	**100**	100
Joinery Products Hardware Supplies Pty Ltd[1]	Australia	**100**	100
ATA Innovations Pty Ltd[1]	Australia	**100**	100
Alesco Management Share Plan Trust	Australia	**100**	100
DGL International (Shenzhen) Co Ltd[4]	China	**-**	100
DGL Camel Coatings (Shanghai) Limited[3]	China	**51**	51
DGL Camel Powder Coatings (Dongguan) Limited[3]	China	**51**	51
DGL Camel Coatings (Dongguan) Limited[3]	China	**51**	51
Countermast Technology (Dalian) Company Limited	China	**100**	100
DGL International (Hong Kong) Ltd	Hong Kong	**100**	100
DGL Camel International Limited[3]	Hong Kong	**51**	51
DGL Camel Powder Coatings Limited[3]	Hong Kong	**51**	51
DGL Camel (Hong Kong) Limited[3]	Hong Kong	**51**	51
DGL Camel (China) Limited[3]	Hong Kong	**51**	51
Countermast Limited	Hong Kong	**100**	100
DGL International (Malaysia) Sdn Bhd	Malaysia	**100**	100
Alesco New Zealand Limited	New Zealand	**100**	100
Alesco NZ Trustee Limited	New Zealand	**100**	100
B&D Doors (NZ) Limited[2]	New Zealand	**100**	100
Concrete Plus Limited[2]	New Zealand	**100**	100
Easy Iron Limited	New Zealand	**100**	100
Lincoln Sentry Limited	New Zealand	**100**	100
Robinhood Limited	New Zealand	**100**	100
Supertub Limited	New Zealand	**100**	100

26 Subsidiaries (continued)

Name of entity	Country of incorporation /registration	Equity holding 2015 %	2014 %
Dulux Holdings (PNG) Ltd	Papua New Guinea	**100**	100
DGL Camel (Singapore) Pte Ltd[3]	Singapore	**51**	51
DuluxGroup (PNG) Pte Ltd[2]	Singapore	**100**	100
DGL International (Singapore) Pte Ltd	Singapore	**100**	100
DGL International (Vietnam) Limited Company	Vietnam	**100**	100

(1) These subsidiaries have each entered into a Deed of Cross Guarantee with DuluxGroup Limited in respect of relief granted from specific accounting and financial reporting requirements in accordance with the ASIC Class Order 98/1418.
(2) In addition to DuluxGroup Limited, these subsidiaries have provided a guarantee in relation to the Group's syndicated bank loan facilities and other overseas bank facilities.
(3) These entities form part of the DGL Camel International Group.
(4) Entity deregistered as at 30 September 2015.

27 Businesses acquired

2015

On 9 June 2015 the Group acquired Porter's Paints. Porter's Paints manufactures and markets a range of high quality architectural and decorative paints, wallpaper and finished timber floor and wall coverings, predominately targeted at architects and designers. The assets and liabilities recognised as a result of this acquisition are as follows:

	Fair value $'000
Total cash consideration	**11,458**
Net assets of business acquired	
Inventories	**1,678**
Property, plant and equipment	**294**
Intangible asset - brand name	**3,400**
Deferred tax assets	**84**
Trade and other payables	**(110)**
Provision for employee entitlements	**(169)**
Deferred tax liabilities	**(1,020)**
Net identifiable assets acquired	**4,157**
Goodwill on acquisition[1]	**7,301**

(1) None of the goodwill recognised is expected to be deductible for tax purposes.

2014

On 21 July 2014 the Group acquired Smart Openers, a manufacturer and designer of garage door and gate openers. The assets recognised as a result of this acquisition are as follows:

	Fair value $'000
Consideration	
Cash	950
Deferred consideration	360
Total consideration	1,310
Net assets of business acquired	
Inventories	100
Intangibles	386
Deferred tax assets	108
Net identifiable assets acquired	594
Goodwill on acquisition[1]	716

(1) None of the goodwill recognised is expected to be deductible for tax purposes.

28 Businesses disposed

2015

No business disposals occurred during the financial year ended 30 September 2015.

2014

On 18 December 2013, the Group entered into an agreement to dispose of the Opel business in China for RMB 55,453,000 (AUD 10,315,000), net of sales related taxes, to Nippon Paint (China) Co., Limited. This transaction was completed on 15 January 2014, with the sale proceeds received in full during the year ended 30 September 2014.

The income statement includes a profit on disposal before tax of $3,714,000 ($3,714,000 net of tax) after allowing for a charge of $917,000 for the Group's 51% share of goodwill pertaining to the partial disposal of the China CGU. The Group's share of this profit is $1,445,000, with the balance of $2,269,000 attributable to non-controlling interests.

As a consequence of the disposal of Opel business, the Group incurred further restructuring costs totalling $2,798,000 relating to the exit of this business. The Group's share of these costs is $1,427,000, with the balance of $1,371,000 attributable to non-controlling interests.

The net impact of this transaction on net profit attributable to DuluxGroup shareholders, inclusive of associated restructuring costs and allocation of goodwill pertaining to the part of the cash generating unit disposed, was $18,000.

29 Deed of cross guarantee

Entities which are party to a Deed of Cross Guarantee (Closed Group), entered into in accordance with ASIC Class Order 98/1418 are disclosed in note 26. A consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheet for the Closed Group are disclosed below.

a) Consolidated income statement and retained earnings

	2015	2014
	$'000	$'000
Profit before income tax expense	**144,922**	130,886
Income tax expense	**(38,072)**	(40,719)
Profit for the financial year	**106,850**	90,167
Retained earnings		
Opening balance	**126,065**	113,373
Profit for the financial year	**106,850**	90,167
Actuarial losses on defined benefit plan recognised directly in retained earnings (net of tax)	**(4,619)**	(4,297)
Dividends paid - ordinary shares	**(82,322)**	(73,178)
Balance at 30 September	**145,974**	126,065

29 Deed of cross guarantee (continued)

b) Consolidated statement of comprehensive income

	2015 $'000	2014 $'000
Profit for the financial year	**106,850**	90,167
Other comprehensive income		
Items that may be reclassified subsequently to the income statement		
Cash flow hedge reserve		
Effective portion of changes in fair value of cash flow hedges	**344**	(1,523)
Income tax expense	**(103)**	457
Foreign currency translation reserve		
Foreign currency translation gain on foreign operations	**1,258**	(271)
Total items that may be reclassified subsequently to the income statement, net of tax	**1,499**	(1,337)
Items that will not be reclassified to the income statement		
Retained earnings		
Actuarial losses on defined benefit plan	**(6,599)**	(6,139)
Income tax benefit	**1,980**	1,842
Total items that will not be reclassified to the income statement, net of tax	**(4,619)**	(4,297)
Other comprehensive income for the financial year, net of tax	**(3,120)**	(5,634)
Total comprehensive income for the financial year	**103,730**	84,533

29 Deed of cross guarantee (continued)

c) Consolidated balance sheet

	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	**23,482**	20,372
Trade and other receivables	**279,064**	249,420
Inventories	**193,875**	181,668
Derivative financial assets	**5,207**	507
Other assets	**6,094**	6,544
Total current assets	**507,722**	458,511
Non-current assets		
Trade and other receivables	**8**	-
Derivative financial assets	**70,026**	11,715
Investment in controlled entities	**52,286**	52,260
Investment accounted for using the equity method	**6,342**	5,423
Property, plant and equipment	**248,915**	250,825
Intangible assets	**229,822**	223,092
Deferred tax assets	**50,384**	45,742
Other assets	**2,924**	3,372
Total non-current assets	**660,707**	592,429
Total assets	**1,168,429**	1,050,940
Current liabilities		
Trade and other payables	**252,697**	239,704
Interest-bearing liabilities	**5,465**	5,332
Derivative financial liabilities	**1,271**	-
Current tax liabilities	**17,665**	9,103
Provisions	**32,581**	25,804
Total current liabilities	**309,679**	279,943
Non-current liabilities		
Trade and other payables	**276**	292
Interest-bearing liabilities	**381,558**	366,092
Derivative financial liabilities	**1,382**	-
Deferred tax liabilities	**15,343**	16,338
Provisions	**48,851**	39,739
Defined benefit liability	**22,107**	14,468
Total non-current liabilities	**469,517**	436,929
Total liabilities	**779,196**	716,872
Net assets	**389,233**	334,068
Equity		
Contributed equity	**292,745**	259,910
Reserves	**(49,486)**	(51,907)
Retained earnings	**145,974**	126,065
Total equity	**389,233**	334,068

30 Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity, DuluxGroup Limited, show the following aggregate amounts:

	2015 $'000	2014 $'000
Current assets	**141,510**	87,687
Non-current assets	**229,268**	229,273
Total assets	**370,778**	316,960
Current liabilities	**14,816**	395
Total liabilities	**14,816**	395
Net assets	**355,962**	316,565
Equity		
Contributed equity	**292,745**	259,910
Profits reserve[1]	**55,000**	47,248
Other reserves	**6,432**	5,542
Retained earnings	**1,785**	3,865
	355,962	316,565
Profit before income tax expense[2]	**87,112**	78,980
Income tax benefit	**881**	1,800
Profit for the financial year	**87,993**	80,780
Total comprehensive income of the parent entity	**87,993**	80,780

(1) Represents an appropriation of amounts from retained earnings for the payment of future dividends. On consolidation, this reserve is included as part of the consolidated retained earnings.

(2) Profit before income tax expense includes dividend income of $90,000,000 declared by DuluxGroup (New Zealand) Pty Ltd during the financial year ended 30 September 2015 (2014: $85,000,000).

b) Guarantees

Details of guarantees entered into by the parent entity in relation to external banking facilities as at 30 September 2015 are set out in note 26. In addition, the parent entity is a party to the deed of cross guarantee.

c) Capital commitments

There were no capital commitments entered into by the parent entity as at 30 September 2015 (2014: $NIL).

d) Contingent liabilities

Refer to note 25 for information relating to contingent liabilities of the parent entity.

31 Events subsequent to balance date

On 11 November 2015, the Directors determined that a final dividend of 11.5 cents per ordinary share, fully franked and payable, will be paid in respect of the 2015 financial year. The dividend will be fully franked and payable on 15 December 2015. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2015 and will be recognised in the 2016 financial statements.

The Company's DRP will operate with respect to the final dividend. The DRP pricing period will be the five trading days from 30 November 2015 to 4 December 2015 inclusive. Ordinary shares issued under the DRP will rank equally with all other ordinary shares.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2015, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Independent auditor's report to the members of DuluxGroup Limited

Report on the financial report

We have audited the accompanying financial report of DuluxGroup Limited ("the Company"), which comprises the consolidated balance sheet as at 30 September 2015, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 September 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 September 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of DuluxGroup Limited for the year ended 30 September 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Gordon Sangster
Partner

James Dent
Partner

Melbourne

11 November 2015