

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
PIDILITE INTERNATIONAL PTE. LTD.**
(Incorporated in Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of PIDILITE INTERNATIONAL PTE. LTD. (the "company") as set out on pages 7 to 30, which comprise the statement of financial position as at 31 March 2015, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
PIDILITE INTERNATIONAL PTE. LTD. (...CONT'D)**
(Incorporated in Singapore)

Report on the Financial Statements (...cont'd)

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2015 and of its results, changes in equity and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

JBS Practice PAC

JBS PRACTICE PAC
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS

Singapore

11 May 2015

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
ASSETS			
Current assets			
Cash at bank	4	1,095,011	317,398
Trade receivables	5	166,389	242,377
Amounts owing by subsidiaries	6	-	494,710
		<u>1,261,400</u>	<u>1,054,485</u>
Non-current assets			
Investments in subsidiaries	7	17,073,375	17,040,386
Intangible assets	8	963,899	963,899
		<u>18,037,274</u>	<u>18,004,285</u>
Total assets		<u>19,298,674</u>	<u>19,058,770</u>
LIABILITIES			
Current liabilities			
Other payables	9	18,304	10,758
Income tax payable		13,665	13,067
Total liabilities		<u>31,969</u>	<u>23,825</u>
NET ASSETS		<u>19,266,705</u>	<u>19,034,945</u>
SHAREHOLDER'S EQUITY			
Share capital	10	20,308,044	20,308,044
Accumulated losses		(1,041,339)	(1,273,099)
TOTAL EQUITY		<u>19,266,705</u>	<u>19,034,945</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
REVENUE			
Royalty income		342,781	355,471
Dividend income		-	581,527
Exchange gain		-	1,186
Total revenue		<u>342,781</u>	<u>938,184</u>
COSTS AND EXPENSES			
Other operating expenses	11	<u>91,701</u>	<u>102,526</u>
Total costs and expenses		<u>91,701</u>	<u>102,526</u>
Profit before income tax		251,080	835,658
Income tax expense	12	(19,320)	(102,738)
Net profit, representing total comprehensive income for the year		<u>231,760</u>	<u>732,920</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

PIDILITE INTERNATIONAL PTE. LTD.
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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	<u>Share capital</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
<u>2015</u>			
Balance as at 1 April 2014	20,208,044	(1,273,099)	19,034,945
Net profit, representing total comprehensive income for the year	-	231,760	231,760
Balance as at 31 March 2015	<u>20,308,044</u>	<u>(1,041,339)</u>	<u>19,266,705</u>
<u>2014</u>			
Balance as at 1 April 2013	19,633,274	(2,006,019)	17,627,255
Issuance of ordinary shares (Note 10)	674,770	-	674,770
Net profit, representing total comprehensive income for the year	-	732,920	732,920
Balance as at 31 March 2014	<u>20,308,044</u>	<u>(1,273,099)</u>	<u>19,034,945</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

PIDILITE INTERNATIONAL PTE. LTD.
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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
Cash Flows From Operating Activities			
Profit before income tax		251,080	835,658
Cash flows before changes in working capital		<u>251,080</u>	<u>835,658</u>
Working capital changes, excluding changes relating to cash:			
Trade receivables		75,988	(64,520)
Amounts owing by subsidiaries		494,710	(494,298)
Other payables		7,546	(11,438)
Cash generated from operations		<u>829,324</u>	<u>265,402</u>
Income tax paid		<u>(18,722)</u>	<u>(105,214)</u>
Net cash generated from operating activities		<u>810,602</u>	<u>160,188</u>
Cash Flows From Investing Activity			
Investments in subsidiaries	7	<u>(32,989)</u>	<u>(674,770)</u>
Net cash used in investing activity		<u>(32,989)</u>	<u>(674,770)</u>
Cash Flows From Financing Activity			
Proceeds from issuance of ordinary shares	10	<u>-</u>	<u>674,770</u>
Net cash generated from financing activity		<u>-</u>	<u>674,770</u>
Net increase in cash at bank		777,613	160,188
Cash at bank at the beginning of the year		317,398	157,210
Cash at bank at the end of the year	4	<u>1,095,011</u>	<u>317,398</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Pidilite International Pte. Ltd. (Company Registration No. 200416836H) is a private limited company and domiciled in Singapore. The company's registered office is at 80 Raffles Place, #26-01 UOB Plaza 1, Singapore 048624.

The principal activity of the company is that of investment holding. There has been no significant change in the nature of this activity during the financial year.

The financial statements of Pidilite International Pte. Ltd. as at 31 March 2015 and for the financial year then ended were authorised and approved by the board of directors for issuance on 11 May 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by Singapore Companies Act. The financial statements expressed in United States dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new and revised FRS and INT FRS have no material effect on the financial statements.

At the date of authorisation of these financial statements, the company has not applied those FRSs and INT FRSs that have been issued but are effective only in next financial year. The company expects the adoption of the standards will have no financial effect on the financial statements in the period of initial application.

These financial statements are separate financial statements of Pidilite International Pte. Ltd. The company avails the exemption as per FRS 27: Consolidated and Separate Financial Statements from the preparation of consolidated financial statements as the ultimate holding company, Pidilite Industries Limited (company incorporated in India) produces consolidated financial statements available for public use. The registered office of Pidilite Industries Limited is at 7th Floor, Regent Chambers, Jammalal Bajaj Marg, 208, Nariman Point, Mumbai, 400 021 India.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

b) Currency translation

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in United States dollars, which is the functional currency of the company.

In preparing the financial statements of the company, monetary assets and liabilities in foreign currencies are translated into United States dollars at rates of exchange closely approximating to those ruling at the end of the reporting period and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

c) Financial assets

(i) *Classification*

The company classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of reporting period which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "cash at bank", and "amounts owing by subsidiaries" on the statement of financial position.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

c) Financial assets (...cont'd)

(ii) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. It exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(iii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the entity commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount in the fair value reserve relating to that asset is transferred to the profit or loss.

(iv) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(v) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method less allowance for impairment.

(vi) *Impairment*

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence arises.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

c) Financial assets (...cont'd)

(vi) *Impairment (...cont'd)*

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the profit or loss.

The allowance for impairment loss account is reduced through the profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(vii) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

d) Investments in subsidiaries

Unquoted equity investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is taken to the profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

e) Intangible assets

Trademarks and copyrights are stated at cost less accumulated impairment losses and are not amortised as their useful lives are not finite. The useful lives of the trademarks and copyrights are reviewed at the end of each financial period to determine whether events and circumstances continue to support their indefinite useful lives. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in accounting estimate.

f) Impairment of non-financial assets

Investments in subsidiaries
Intangible assets

Investments in subsidiaries and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment is also credited to the profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

g) Financial liabilities

Financial liabilities are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled and expired.

h) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods and services provided in the normal course of business, net of goods and services tax, rebates and discounts.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the company's activities are met.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

j) Revenue recognition (...cont'd)

- (i) Royalty income from trademarks and copyrights is recognised when sales of goods are recognised and in accordance with the substance of the relevant agreements.
- (ii) Dividend income is recognised when the right to receive payment is established.

k) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when it affects neither the taxable profit nor the accounting profit at the time of the transaction.

A deferred income tax liability is recognised for all taxable temporary differences.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

1) Related parties

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the company if that person:
 - (a) Has control or joint control over the company;
 - (b) Has significant influence over the company; or
- (ii) Is a member of the key management personnel of the company or of a parent of the company. An entity is related to the company if any of the following conditions applies:
 - (a) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
 - (f) The entity is controlled or jointly controlled by a person identified in (a);
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates, assumptions and judgements in applying the accounting policies. These estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the critical accounting estimates, assumptions and judgements for the preparation of financial statements:

(a) Critical judgment in applying the entity's accounting policies

In the process of applying the company's accounting policy which are described in Note 2 above, management is of the opinion that there are no critical judgements involved, apart from involving estimations, that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Significant judgement is involved in determining the company's provision for income taxes. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

**3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS
(...CONT'D)**

(b) Key sources of estimation uncertainty (...cont'd)

(ii) Impairment of non-financial assets

Investments in subsidiaries and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Determining whether the investments in subsidiaries and intangible assets are impaired requires an estimation of value-in-use of the investments in subsidiaries and intangible assets. The value-in-use calculation requires the management estimate the future cash flows and appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary. The carrying amount of the company's investment in subsidiaries and intangible assets at the end of the reporting period is disclosed in Note 7 and 9 respectively to the financial statements.

(iii) Intangible assets

Management reviews the useful lives of the trademarks and copyrights at the end of each financial year to determine whether events and circumstances continue to support their indefinite useful lives. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in accounting estimate. The carrying amount of the company's intangible assets at the end of the reporting period is disclosed in Note 9 to the financial statements.

4. CASH AT BANK

The carrying amounts of cash at bank approximate their fair value and are denominated in the following currencies:

	<u>2015</u> US\$	<u>2014</u> US\$
Singapore dollars	8,140	7,426
United States dollars	1,086,871	309,972
	<u>1,095,011</u>	<u>317,398</u>

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

5. TRADE RECEIVABLES

	<u>2015</u> US\$	<u>2014</u> US\$
Related company	151,975	230,990
Holding company	14,414	11,387
	<u>166,389</u>	<u>242,377</u>

Trade receivables are mutually agreed between the parties and hence the carrying values are recognised at their original invoiced amount which represents their fair values on initial recognition.

The carrying amounts of trade receivables approximate their fair values and are denominated in the following currencies:

	<u>2015</u> US\$	<u>2014</u> US\$
United States dollars	151,975	230,990
Indian Rupee	14,414	11,387
	<u>166,389</u>	<u>242,377</u>

6. AMOUNTS OWING BY SUBSIDIARIES

In 2014, amount owing by subsidiaries was non-trade in nature, unsecured, interest free and repayable within the next twelve months.

The carrying value of amounts owing by subsidiaries approximated their fair values and were denominated in the following currencies:

	<u>2015</u> US\$	<u>2014</u> US\$
Singapore dollars	-	412
Bangladeshi Taka	-	494,298
	<u>-</u>	<u>494,710</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

7. INVESTMENTS IN SUBSIDIARIES

	<u>2015</u> US\$	<u>2014</u> US\$
Unquoted equity investments, at cost		
At beginning of the year	17,040,386	16,365,616
Additions during the year	<u>32,989</u>	<u>674,770</u>
At end of the year	<u>17,073,375</u>	<u>17,040,386</u>

The details of subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Percentage of equity held</u>	
			<u>2015</u>	<u>2014</u>
Pidilite Bamco Limited	Thailand	Manufacturing and distributing seepage-proof and rust-proof asphalt.	99.99	99.99
Pidilite Speciality Chemicals Bangladesh Private Limited	Bangladesh	Manufacturing, marketing and selling all kind of dyes and other colouring materials, chemicals, chemical compounds and adhesives.	99	99
PT. Pidilite Indonesia <small>Note 2</small>	Indonesia	Selling adhesives, sealants, resins and special chemical products.	99	99
Pidilite Innovation Centre Pte. Ltd.	Singapore	Research and development on chemicals including manufacturing and trading of waterproofing and emulsion paints.	100	100
Bamco Supply and Services Limited <small>Note 1</small>	Thailand	Supply seepage proof products and chemical, and provide installation services for seepage proof and heat resistant system.	49	49
Pidilite Industries Egypt – S.A.E	Egypt	Producing and packing all kinds of resins and adhesives as well as sealants, paints, building chemicals and all related materials.	97	97

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 (...CONT'D)**

7. INVESTMENTS IN SUBSIDIARIES (...CONT'D)

Name of subsidiary	Country of Incorporation	Principal activities	Percentage of equity held	
			<u>2015</u>	<u>2014</u>
Pidilite Industries Trading (Shanghai) Co. Ltd.	China	Wholesale, commission agency (excluding auction) and import & export of adhesive, sealants, construction and paint chemicals.	100	100

Notes

- As the company exercises control over the financial and operating policies of Bamco Supply and Services Limited and would be obtaining benefits from this investment, it has been recognised as a investment in subsidiary even though percentage of equity held in it is less than 50%; which is in accordance with the requirement of Singapore Financial Reporting Standards.

8. INTANGIBLE ASSETS

Intangible assets refer to trademarks and copyrights acquired from third parties. The directors are of the opinion that the useful lives of the intangible assets are indefinite. The useful lives of the trademarks and copyrights are reviewed at the end of each financial year to determine whether events and circumstances continue to support their indefinite useful lives.

9. OTHER PAYABLES

	<u>2015</u> US\$	<u>2014</u> US\$
Accruals for operating expenses	<u>18,304</u>	<u>10,758</u>

The carrying amounts of other payables approximate their fair values and are denominated in Singapore dollars.

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10. SHARE CAPITAL

	<u>2015</u> Number of ordinary shares	<u>2014</u> Number of ordinary shares	<u>2015</u> US\$	<u>2014</u> US\$
<u>Issued</u>				
At the beginning of the year	19,229,316	18,554,546	20,308,044	19,633,274
Transfer of share application monies	-	-	-	-
Issuance of ordinary shares	-	674,770	-	674,770
At the end of the year	<u>19,229,316</u>	<u>19,229,316</u>	<u>20,308,044</u>	<u>20,308,044</u>

In the previous financial year, the company increased its paid up share capital from US\$19,633,274 to US\$20,308,044 by way of further allotment of shares for a total consideration of US\$674,770 to provide additional working capital and further investments in subsidiaries.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

11. OTHER OPERATING EXPENSES

	<u>2015</u> US\$	<u>2014</u> US\$
Accountancy fees	5,098	5,034
Legal and professional fees	73,252	83,374
Others	13,351	14,118
	<u>91,701</u>	<u>102,526</u>

12. INCOME TAX EXPENSE

	<u>2015</u> US\$	<u>2014</u> US\$
Current year income tax	14,336	14,540
Foreign tax paid	4,984	95,564
Over provision in prior year	-	(7,366)
	<u>19,320</u>	<u>102,738</u>

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12. INCOME TAX EXPENSE (...CONT'D)

The current period income tax varied from the amount of income tax determined by applying the applicable Singapore statutory income tax rate of 17% (2014: 17%) to the loss before income tax as a result of the following differences:

	<u>2015</u> US\$	<u>2014</u> US\$
Profit before tax	<u>251,080</u>	<u>835,658</u>
Income tax benefit at applicable rate	42,684	142,062
Non-allowable items	129	20
Permanent differences	-	(98,859)
Exempt income	(18,848)	(20,559)
(Over) / Under provision in prior year	-	(7,366)
Foreign tax paid	4,984	95,564
Tax rebate	(6,144)	(6,232)
Tax credit	<u>(3,485)</u>	<u>(1,892)</u>
	<u>19,320</u>	<u>102,738</u>

13. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The company's immediate and ultimate holding company is Pidilite Industries Limited, a company incorporated in India.

14. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the company had transactions with the immediate holding company and related companies on terms agreed between them with respect to the following during the financial year.

	<u>2015</u> US\$	<u>2014</u> US\$
Reimbursement of professional fees paid by related company	30,164	48,135
Dividend income from a subsidiary	-	581,527
Royalty income from related company	304,329	314,406
Royalty income from holding company	<u>38,452</u>	<u>41,065</u>

There is no director remuneration paid during the year.

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31 MARCH 2015 (...CONT'D)**

15. FINANCIAL RISK MANAGEMENT

Financial risk factors

The company's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the company's financial performance.

(a) *Market risk*

(i) Foreign currency risk

The company is subject to various currency exposures, primarily with respect to the Singapore dollars. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not in the entity functional currency.

The company does not use any hedging instruments to protect against the volatility associated with the foreign currency transactions.

The company's significant currency exposure based on the information provided to key management is to Singapore dollars, which is as follows:

	<u>S\$</u>	<u>US\$</u>
<u>2015</u>		
Financial assets		
Cash at bank	8,140	<u>8,140</u>
Financial liabilities		
Other payables	<u>(18,304)</u>	<u>(18,304)</u>
 Currency exposure on financial assets		 <u><u>(10,164)</u></u>

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31 MARCH 2015 (...CONT'D)**

15. FINANCIAL RISK MANAGEMENT (...CONT'D)

a) Market risk (...cont'd)

(i) Foreign currency risk (...cont'd)

The company's significant currency exposure based on the information provided to key management is to Singapore dollars, which is as follows (...cont'd):

2014

Financial assets

Cash at bank	7,426
Amount owing by a subsidiary	412
	<hr/> 7,838

Financial liabilities

Other payables	(10,758)
	<hr/> (10,758)

Currency exposure on financial assets	<hr/> (2,920)
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If the Singapore dollar had strengthened/weakened by 8% (2014: 10%) against the United States dollar with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been approximately US\$260 (2014: US\$292) higher/lower as a result of currency translation gains/losses on the remaining United States dollars denominated financial assets and liabilities.

(ii) Interest rate risk

The company has no significant exposure to market risk for changes in interest rates, as it has no borrowings. Hence, no sensitivity analysis has been made.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The major classes of financial assets of the company are trade and other receivables and amounts owing by subsidiaries. For credit exposures to related companies and subsidiaries, management assesses the credit quality and ensure corporate governance across all its related companies/subsidiaries, taking into account its financial position, past experience and other factors.

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15. FINANCIAL RISK MANAGEMENT (...CONT'D)

b) Credit risk (...cont'd)

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The ageing analysis for the trade receivables of the company that are neither past due nor impaired, as at year end is as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
Current	<u>64,983</u>	<u>242,377</u>

Financial assets that are past due and/or impaired

The ageing analysis of trade receivables past due but not impaired is as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
Past due more than 90 days	<u>101,406</u>	<u>-</u>

c) Liquidity risk

Liquidity risk refers to the risk in which the company may not be able to meet its short-term obligations. In the management of liquidity risk, the company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the company's operations and mitigate effects of fluctuations in cash flows.

	<u>On demand or within 1 year US\$</u>
<u>2015</u> Other payables	<u>18,304</u>
	<u>18,304</u>
<u>2014</u> Other payables	<u>10,758</u>
	<u>10,758</u>

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15. FINANCIAL RISK MANAGEMENT (...CONT'D)

c) Liquidity risk (...cont'd)

The company manages its liquidity risk from the funds generated from its operations. The directors believe that the company will have sufficient liquidity from its operations and funding from holding company to meet its financial obligations when they fall due.

d) Fair value measurement

The carrying amounts of cash at bank, trade receivables, amounts owing by subsidiaries and other payables approximate their fair value due to their short-term nature.

e) Categories of financial instruments

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

	<u>2015</u> US\$	<u>2014</u> US\$
Financial assets		
Loans and receivables:		
Cash at bank	1,095,011	317,398
Trade receivables	166,389	242,377
Amounts owing by subsidiaries	<u>-</u>	<u>494,710</u>
Financial liabilities		
Amortised cost:		
Other payables	<u>18,304</u>	<u>10,758</u>

16. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return of capital to shareholder, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The company is not subject to externally imposed capital requirements as at 31 March 2015 and the overall strategy remained unchanged from 2014.

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17. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following FRS and amendments to FRS that are relevant to the company was issued but not yet effective:

Description	Effective for annual period beginning on or after
Improvements to FRSS (January 2014)	
- Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
- Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
- Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSS (February 2014)	
- Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
IFRS 15 <i>Revenue from contracts with customers</i>	1 January 2017
IFRS 9 <i>Financial instruments</i>	1 January 2018

The company expects the adoption of the above standard will have no financial effect on the financial statements in the period of initial application.