

**PIDILITE BAMCO LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 MARCH 2016**

## AUDITOR'S REPORT

To the Shareholders of Pidilite Bamco Limited

I have audited the accompanying financial statements of Pidilite Bamco Limited which comprise the statement of financial position as at 31 March 2016, and the statements of income and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards applicable to non-publicly accountable entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pidilite Bamco Limited as at 31 March 2016, and its results of operations for the year then ended in accordance with Thai Financial Reporting Standards applicable to non-publicly accountable entities.



Somkiat Hiranbantaporn  
Certified Public Accountant (Thailand) No. 4754  
NYC Audit Co., Ltd.

Bangkok  
26 April 2016



Pidilite Bamco Limited

Statement of financial position

As at 31 March 2016

(Unit: Baht)

	Note	2016	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	6,885,372	1,745,532
Trade and other receivables	6	49,984,345	42,856,015
Inventories	8	23,301,566	16,534,753
<b>Total current assets</b>		<u>80,171,283</u>	<u>61,136,300</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	34,581,891	28,990,094
Intangible assets	10	614,963	654,516
Other non-current assets		670,634	811,284
<b>Total non-current assets</b>		<u>35,867,488</u>	<u>30,455,894</u>
<b>Total assets</b>		<u><u>116,038,771</u></u>	<u><u>91,592,194</u></u>

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The accompanying notes are an integral part of the financial statements.

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Directors



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Pidilite Bamco Limited

Statement of financial position (continued)

As at 31 March 2016

(Unit: Baht)

	Note	2016	2015
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans from a financial institution	11	2,500,000	4,873,196
Trade and other payables	13	21,665,930	21,164,831
Other current liabilities		<u>3,668,664</u>	<u>2,171,549</u>
<b>Total current liabilities</b>		<u>27,834,594</u>	<u>28,209,576</u>
<b>Non-current liabilities</b>			
Provision for long-term employee benefits	14	<u>341,826</u>	<u>161,456</u>
<b>Total non-current liabilities</b>		<u>341,826</u>	<u>161,456</u>
<b>Total liabilities</b>		<u>28,176,420</u>	<u>28,371,032</u>
<b>Shareholders' equity</b>			
<b>Share capital</b>			
Registered			
350,000 ordinary shares of Baht 100 each		<u>35,000,000</u>	<u>35,000,000</u>
Issued and fully paid up			
350,000 ordinary shares of Baht 100 each		35,000,000	35,000,000
<b>Retained earnings</b>			
Appropriated-statutory reserve	17	1,250,000	1,250,000
Unappropriated		<u>51,612,351</u>	<u>26,971,162</u>
<b>Total shareholders' equity</b>		<u>87,862,351</u>	<u>63,221,162</u>
<b>Total liabilities and shareholders' equity</b>		<u>116,038,771</u>	<u>91,592,194</u>

The accompanying notes are an integral part of the financial statements.

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Directors



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Pidilite Bamco Limited

Statements of income

For the year ended 31 March 2016

(Unit: Baht)

	Note	2016	2015
<b>Revenues</b>			
Sales	3	212,909,765	198,472,166
Other income		7,119,043	4,966,626
<b>Total revenues</b>		<u>220,028,808</u>	<u>203,438,792</u>
<b>Expenses</b>			
Cost of sales	3	123,239,522	125,214,379
Selling expenses		43,537,975	38,318,055
Administrative expenses		22,261,448	20,824,510
Other expenses		199,910	127
<b>Total expenses</b>		<u>189,238,855</u>	<u>184,357,071</u>
<b>Profit before finance cost and income tax expenses</b>		30,789,953	19,081,721
Finance cost		(85,709)	(457,515)
<b>Profit before income tax expenses</b>		30,704,244	18,624,206
Income tax expenses	18	(6,063,055)	(3,981,600)
<b>Net profit for the year</b>		<u>24,641,189</u>	<u>14,642,606</u>

The accompanying notes are an integral part of the financial statements.

*Nithi*

Directors



Pidilite Bamco Limited

Statements of cash flows

For the year ended 31 March 2016

	(Unit: Baht)
Note	2016 2015
<b>Cash flows from operating activities</b>	
Profit before tax	30,704,244 18,624,206
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:	
Depreciation and amortisation	2,785,984 2,556,546
Amortization of intangible assets	149,853 131,452
Reversal doubtful accounts	(4,427) (167,391)
Reduction of inventory to net realisable value	(652,739) 25,969
Profit on sales of assets	(577,719) (84)
Loss on sales of property, plant and equipment	199,911 126
Provision for long-term employee benefits	384,000 54,000
Unrealised (gain) loss on exchange	(149,741) 81,660
Interest expenses	85,709 457,515
Profit from operating activities before changes in operating assets and liabilities	32,925,075 21,763,999
Operating assets (increase) decrease	
Trade and other receivables	(6,978,589) (6,992,434)
Inventories	(7,419,550) 4,094,917
Other assets	140,650 (63,580)
Operating liabilities increase (decrease)	
Trade and other payables	501,098 1,349,287
Other current liabilities	180,370
Cash flows from (used in) operating activities	19,349,054 20,152,189
Cash paid for interest expenses	(78,278) (457,515)
Cash paid for corporate income tax	(4,565,941) (3,235,596)
<b>Net cash flows from (used in) operating activities</b>	<b>14,704,835 16,459,078</b>

The accompanying notes are an integral part of the financial statements.

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Directors



Pidilite Bamco Limited  
 Statements of cash flows (continued)  
 For the year ended 31 March 2016

	Note	2016	2015
(Unit: Baht)			
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(8,248,585)	(3,563,977)
Proceeds from sales of property, plant and equipment		1,167,085	3,877
Acquisition of intangible assets		<u>(110,299)</u>	<u>(78,659)</u>
<b>Net cash flows from (used in) investing activities</b>		<u>(7,191,799)</u>	<u>(3,638,759)</u>
<b>Cash flows from financing activities</b>			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions		<u>(2,373,196)</u>	<u>(13,087,949)</u>
<b>Net cash flows from (used in) financing activities</b>		<u>(2,373,196)</u>	<u>(13,087,949)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		5,139,840	(267,630)
Cash and cash equivalents at beginning of year		<u>1,745,532</u>	<u>2,013,162</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>6,885,372</u></u>	<u><u>1,745,532</u></u>

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The accompanying notes are an integral part of the financial statements.

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Directors





Pidilite Bamco Limited

Statement of changes in shareholders' equity

For the year ended 31 March 2016

(Unit: Baht)

	Issued and fully paid-up share capital	Retained earnings		Total
		Appropriated	Unappropriated	
Balance as at 1 April 2014	35,000,000	1,250,000	12,328,556	48,578,556
Net profit for the year	-	-	14,642,606	14,642,606
<b>Balance as at 31 March 2015</b>	<u>35,000,000</u>	<u>1,250,000</u>	<u>26,971,162</u>	<u>63,221,162</u>
Balance as at 1 April 2015	35,000,000	1,250,000	26,971,162	63,221,162
Net profit for the year	-	-	24,641,189	24,641,189
<b>Balance as at 31 March 2016</b>	<u>35,000,000</u>	<u>1,250,000</u>	<u>51,612,351</u>	<u>87,862,351</u>

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The accompanying notes are an integral part of the financial statements.

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Directors



**Pidilite Bamco Limited**

**Notes to financial statements**

**For the year ended 31 March 2016**

**1. General information**

Pidilite Bamco Limited ("the Company") is a limited company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of asphalt waterproof and corrosion protection. The registered office of the Company is at No.699 Modernform Tower 15th Floor, Srinakarin Road, SuanLuang, SuanLuang, Bangkok (Its branch office is located at No.846 Moo 4, Bangpoo Industrial Estate, Soi 12, Tambon Praksa, Amphur Muang Samutprakan, Samutprakan).

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards applicable to Non-publicly accountable entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3. Significant accounting policies**

**3.1 Revenue recognition**

*Sales of goods*

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

**3.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.



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### 3.3 Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### 3.4 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by using the weighted average basis and comprises of raw material cost, conversion cost. Fixed manufacturing overhead is allocated based on normal manufacture capacity.

### 3.5 Property, plant and equipment / Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building and leasehold improvement	-	20 - 30 years
Machinery and equipment	-	10 years
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income. No depreciation is provided on land and assets under installation.

### 3.6 Intangible assets

Intangible assets are stated at cost less any accumulated amortization and allowance for diminution in value (if any).

Intangible assets are amortised as expenses in the income statements on a straight-line basis over the economic useful life. A summary of the intangible assets are as follows:

	<u>Useful lives</u>
Computer software	10 years



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### 3.7 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the

minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, which interest element is charged to the income statements over the lease period.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

### **3.8 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

### **3.9 Provisions**

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

For long-term employee benefits, the Company calculates its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.

### **3.10 Income tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## **4. Use of accounting estimates**

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.



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**5. Cash and cash equivalents**

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
Cash on hand	60,000	60,000
Current accounts	2,422,964	50,708
Savings accounts	4,402,408	1,634,824
Total	<u>6,885,372</u>	<u>1,745,532</u>

**6. Trade and other receivables**

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
Trade accounts receivable – related companies	5,836,699	4,877,867
Trade accounts receivable – other companies	42,144,746	36,899,764
Other receivables	2,085,483	1,165,394
Total	<u>50,066,928</u>	<u>42,943,025</u>
Less : Allowance for doubtful accounts	(82,583)	(87,010)
Trade and other receivables – net	<u>49,984,345</u>	<u>42,856,015</u>



*Noted*

## 7. Unhedged Transactions

	2016		2015	
	Foreign currency	Thai Baht	Foreign currency	Thai Baht
Closing Balances Export Debtors - SGD	191,292	4,816,547	178,632	4,272,544
Closing Balances Export Debtors - USD	-	-	4,699	149,381
Closing Balances Other Receivables	-	-	-	-
Closing Balances Import Creditors - SGD	23,336	826,602	-	-
Closing Balances Other Payable - SGD	1,514	39,908	1,407	33,623
Closing Balances Other Payable - USD	27,506	937,396	75,096	4,404,081

## 8. Inventories

(Unit: Baht)

	Cost		Reduce cost to net realizable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
	Finished goods	13,420,241	7,054,174	(269,509)	(647,580)	13,150,732
Work in process	51,073	-	-	-	51,073	-
Raw materials and packagings	10,457,867	10,760,932	(358,106)	(632,773)	10,099,761	10,128,159
<b>Total</b>	<b>23,929,181</b>	<b>17,815,106</b>	<b>(627,615)</b>	<b>(1,280,353)</b>	<b>23,301,566</b>	<b>16,534,753</b>



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9. Property, plant and equipment

(Unit: Baht)

Cost	Land	Buildings	Improvement for rent office and factory	Machinery		Office equipment	Vehicles	Assets under construction	Total
				And equipment	equipment				
1 April 2014	6,353,808	18,452,165	6,748,802	19,477,730	8,437,685	3,274,367	62,500	62,807,057	
Additions	-	-	381,020	1,513,131	1,666,034	-	-	3,560,185	
Disposals	-	-	-	-	(115,578)	-	-	(115,578)	
Transfers in (out)	-	-	62,500	-	-	-	(62,500)	-	
31 March 2015	6,353,808	18,452,165	7,192,322	20,990,861	9,988,141	3,274,367	-	66,251,664	
Additions	-	-	121,598	3,054,906	1,627,688	4,054,300	2,167,650	11,026,142	
Disposals	-	-	(193,598)	(1,147,444)	(671,909)	(2,248,084)	-	(4,261,035)	
Transfers in (out)	-	-	-	-	-	-	(1,870,050)	(1,870,050)	
31 March 2016	6,353,808	18,452,165	7,120,322	22,898,323	10,943,920	5,080,583	297,600	71,146,721	
Accumulated depreciation:									
1 April 2014	-	8,637,842	1,135,694	14,605,865	7,331,337	3,105,944	-	34,816,682	
Depreciation for the year	-	716,601	348,144	828,638	536,317	126,846	-	2,556,546	
Disposals	-	-	-	-	(111,658)	-	-	(111,658)	
Transfers in (out)	-	-	-	-	-	-	-	-	
31 March 2015	-	9,354,443	1,483,838	15,434,503	7,755,996	3,232,790	-	37,261,570	
Depreciation for the year	-	330,893	311,196	891,665	421,897	316,581	-	2,272,232	
Disposals	-	-	-	(557,715)	(163,177)	(2,248,080)	-	(2,968,972)	
Transfers in (out)	-	-	-	-	-	-	-	-	
31 March 2016	-	9,685,336	1,795,034	15,768,453	8,014,716	1,301,291	-	36,564,830	
Net book value:									
31 March 2015	6,353,808	9,097,722	5,708,484	5,556,358	2,232,145	41,577	-	28,990,094	
31 March 2016	6,353,808	8,766,829	5,325,288	7,129,871	2,929,204	3,779,292	297,600	34,581,891	



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**10. Intangible assets**

	(Unit: Baht)	
	2016	2015
Computer software – cost	1,491,507	1,381,208
<u>Less: Accumulated amortization</u>	<u>(876,544)</u>	<u>(726,692)</u>
Net book value	<u>614,963</u>	<u>654,516</u>
	2016	2015
Net book value at beginning year	654,516	707,309
Additions	110,299	78,659
Amortization	<u>(149,852)</u>	<u>(131,452)</u>
Net book value at end of year	<u>614,963</u>	<u>654,516</u>

**11. Bank overdrafts and short-term loans from financial institutions**

		(Unit: Baht)	
	(percent per annum)	2016	2015
Bank overdrafts	-	-	373,196
Short-term loans from financial institution	3.5% and 4.1%	2,500,000	4,500,000
Total		<u>2,500,000</u>	<u>4,873,196</u>

The Company obtained overdrafts facilities and short-term loans from financial institution of total credits lines of Baht 12 million, guaranteed by an overseas related company.

**12. Taxes**

	(Unit: Baht)	
	2016	2015
Provision for the year	6,063,055	3,981,600
Advance tax paid for the year	<u>2,394,391</u>	<u>1,942,366</u>
Net Provision	<u>3,668,664</u>	<u>2,039,234</u>



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**13. Trade and other payables**

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
Trade accounts payable – related companies	733,992	2,734,061
Trade accounts payable – other companies	17,616,117	14,283,827
Accrued expenses	3,315,821	2,925,872
Other payable	-	1,221,071
Total	<u>21,665,930</u>	<u>21,164,831</u>

**14. Provisions**

	(Unit: Baht)	
	Long-term employee benefits <u>2016</u>	Long-term employee benefits <u>2015</u>
At 31 March 2015	161,456	107,456
Increase during the year	384,000	54,000
Decrease during the year	(203,630)	-
At 31 March 2016	<u>341,826</u>	<u>161,456</u>

**15. Audit Fees**

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
Audit Fees	220,000	220,000
Reimbursement of Expense	9,400	9,700
Total	<u>229,400</u>	<u>229,700</u>

**16. Research & Development Expenditure**

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
Revenue expenditure charged to Statement of Profit and Loss	202,204	45,225
Total	<u>202,204</u>	<u>45,225</u>



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## 17. Statutory reserve

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least five percent of its net profit each time the Company pays out a dividend, until such reserve reaches ten percent of its registered share capital. The statutory reserve cannot be used for dividend payment. At present, the statutory reserve has fully been set aside.

## 18. Income tax

For the year ended March 31, 2016 and 2015, the Company recognized corporate income tax at the rate 20% of profit before tax after adjusted by allowance and other expenses which shall not be allowed as expenses in tax calculation as described in the Revenue Code.

## 19. Commitments and contingent liabilities

### 19.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space, machinery, motor vehicles and equipment. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	As at 31 March	
	<u>2016</u>	<u>2015</u>
Payable:		
in up to 1 year	2.3	3.6
In over 1 and up to 5 years	0.9	1.2

During the year 2016, the Company recognized rental expenses of Baht 3.13 million (2015: Baht 3.8 million).

### 19.2 Guarantees

As at 31 March 2016, there were outstanding bank guarantees of approximately Baht 0.16 million (2015: Baht 0.11 million) issued by banks to guarantee electricity use with the Provincial Electricity Authority.



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**20. Approval of financial statements**

These financial statements were authorized for issue by the Company's authorized director of the Board of Director meeting on 26 April 2016.



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