

Company Registration No.: 200416836H

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

GENERAL INFORMATION

Directors

Apurva Narendra Parekh
Dien Pandiman
Gowri Saminathan Mrs Gowri Wade
Priykant Chhotalal Patel
Shanker Iyer

Company Secretary

Cheng Lian Siang

Registered Office

160 Robinson Road
#17-01 SBF Center
Singapore 068914

Independent Auditor

JBS Practice PAC

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the member together with the audited financial statements of PIDILITE INTERNATIONAL PTE. LTD. (the "company") for the financial year ended 31 March 2018.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2018 and of its financial performance, changes in equity and cash flows for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the company in office at the date of this statement are:

Apurva Narendra Parekh
Dien Pandiman
Gowri Saminathan Mrs Gowri Wade
Priykant Chhotalal Patel
Shanker Iyer

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors holding office at the end of the financial year had any significant interest in the shares or debentures of the company or its related corporations at the beginning and end of the financial year as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act.

PIDILITE INTERNATIONAL PTE. LTD.
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DIRECTORS' STATEMENT (...CONT'D)

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the company.


No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, Messrs JBS Practice PAC, Public Accountants and Chartered Accountants, Singapore, has expressed its willingness to accept re-appointment.

On behalf of the Board



Dien Pandiman
Director



Priykant Chhotalal Patel
Director

10 May 2018

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PIDILITE INTERNATIONAL PTE. LTD. (the "company") as set out on pages 7 to 34, which comprise the statement of financial position of the company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the General Information set out on page 1, the Directors' Statement set out on pages 2 to 3, and the accompanying Schedule of Other Operating Expenses.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Responsibilities of Management and Directors 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 Act and FRSSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

Auditor's Responsibilities for the Audit of the Financial Statements (...cont'd)

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS

Singapore

10 May 2018

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> US\$	<u>2017</u> US\$
ASSETS			
Current assets			
Cash at bank	4	3,289,970	1,098,921
Trade receivables	5	57,247	78,782
Loan to subsidiary	6	-	1,014,027
		<u>3,347,217</u>	<u>2,191,730</u>
Non-current assets			
Investments in subsidiaries	7	22,202,248	19,711,732
Intangible assets	8	56,935	958,867
		<u>22,259,183</u>	<u>20,670,599</u>
Total assets		<u>25,606,400</u>	<u>22,862,329</u>
LIABILITIES			
Current liabilities			
Other payables	9	24,383	38,869
Income tax payable		8,152	14,450
Total liabilities		<u>32,535</u>	<u>53,319</u>
NET ASSETS		<u>25,573,865</u>	<u>22,809,010</u>
SHAREHOLDER'S EQUITY			
Share capital	10	24,081,494	21,641,444
Share application monies	11	-	720,050
Retained earnings		1,492,371	447,516
TOTAL EQUITY		<u>25,573,865</u>	<u>22,809,010</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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> US\$	<u>2017</u> US\$
REVENUE			
Royalty income		92,991	285,731
Dividend income		-	497,674
Interest income		6,795	14,027
Gain on disposal of trademark		1,046,068	-
Total revenue		<u>1,145,854</u>	<u>797,432</u>
EXPENSES			
Operating expenses	12	<u>97,841</u>	<u>112,179</u>
Total expenses		<u>97,841</u>	<u>112,179</u>
Profit before income tax		1,048,013	685,253
Income tax expense	13	(3,158)	(93,014)
Net profit, representing total comprehensive income for the year		<u>1,044,855</u>	<u>592,239</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 CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>Share capital</u> US\$	<u>Share application monies</u> US\$	<u>Retained earnings/ (Accumulated losses)</u> US\$	<u>Total</u> US\$
Balance as at 1 April 2017		21,641,444	720,050	447,516	22,809,010
Issuance of ordinary shares	10	2,440,050	(720,050)	-	1,720,000
Net profit, representing total comprehensive income for the year		-	-	1,044,855	1,044,855
Balance as at 31 March 2018		<u>24,081,494</u>	<u>-</u>	<u>1,492,371</u>	<u>25,573,865</u>
Balance as at 1 April 2016		21,641,444	-	(144,723)	21,496,721
Share application monies	11	-	720,050	-	720,050
Net profit, representing total comprehensive income for the year		-	-	592,239	592,239
Balance as at 31 March 2017		<u>21,641,444</u>	<u>720,050</u>	<u>447,516</u>	<u>22,809,010</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 CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	<u>Note</u>	<u>2018</u> US\$	<u>2017</u> US\$
Cash Flows From Operating Activities			
Profit before income tax		1,048,013	685,253
Adjustments for:			
Gain on disposal of trademark		(1,046,068)	-
Interest income		(6,795)	(14,027)
Cash flows before changes in working capital		(4,850)	671,226
Working capital changes, excluding changes relating to cash:			
Trade receivables		21,535	31,963
Other payables		(14,486)	26,579
Cash generated from operations		2,199	729,768
Income tax refund		2,815	-
Income tax paid		(12,271)	(86,408)
Net cash (used in) / generated from operating activities		(7,257)	643,360
Cash Flows From Investing Activities			
Investments in subsidiaries	7	(2,490,516)	(278,301)
Proceeds on disposal of trademark		1,948,000	-
Net cash used in investing activities		(542,516)	(278,301)
Cash Flows From Financing Activities			
Repayment from/(Loan to) subsidiary		1,020,822	(1,000,000)
Proceeds from issuance of ordinary shares	10	1,720,000	-
Proceeds from share application monies	11	-	720,050
Net cash generated from/ (used in) financing activities		2,740,822	(279,950)
Net increase in cash at bank		2,191,049	85,109
Cash at bank at the beginning of the year		1,098,921	1,013,812
Cash at bank at the end of the year	4	3,289,970	1,098,921

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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 160 Robinson Road, #17-01 SBF Center, Singapore 068914.

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 the company for the financial year ended 31 March 2018 were authorised and approved by the board of directors for issuance on 10 May 2018.

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. The adoption of these new and revised FRS and INT FRS have no material effect on the financial statements.

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 2018 (...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 the reporting period which are presented as non-current assets. Loans and receivables are presented as “trade receivables”, “cash at bank” and “loan to subsidiary” on the statement of financial position.

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2018 (...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.

(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.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2018 (...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.

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.

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.

PIDILITE INTERNATIONAL PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

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

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.

PIDILITE INTERNATIONAL PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...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.

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.

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.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2018 (...CONT'D)**

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

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.

- (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.
- (iii) Interest income is recognised on effective interest method.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

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

k) Income taxes (...cont'd)

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 the 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.

l) 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
 - (c) Is a member of the key management personnel of the company or of a parent of the company.
- (ii) 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.

PIDILITE INTERNATIONAL PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

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

l) Related parties (...cont'd)

(ii) An entity is related to the company if any of the following conditions applies: (...cont'd)

(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 (i);

(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).

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2018 (...CONT'D)**

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

(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.

(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 to 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 amounts of the company's investments in subsidiaries and intangible assets at the end of the reporting period are disclosed in Note 7 and 8, 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

4. CASH AT BANK

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

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Singapore dollars	47,425	16,019
United States dollars	<u>3,242,545</u>	<u>1,082,902</u>
	<u><u>3,289,970</u></u>	<u><u>1,098,921</u></u>

5. TRADE RECEIVABLES

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Related company - Pidilite USA	57,247	73,414
Holding company - Pidilite Industries limited	<u>-</u>	<u>5,368</u>
	<u><u>57,247</u></u>	<u><u>78,782</u></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>2018</u>	<u>2017</u>
	US\$	US\$
United States dollars	57,247	73,414
Indian Rupee	<u>-</u>	<u>5,368</u>
	<u><u>57,247</u></u>	<u><u>78,782</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

6. LOAN TO SUBSIDIARY

	<u>2018</u> US\$	<u>2017</u> US\$
Principal	-	1,000,000
Interest receivable	-	14,027
	-	1,014,027

The loan to subsidiary was bearing interest at 4% per annum, unsecured and repayable within the next twelve months from the reporting date.

The carrying amount of the loan to subsidiary approximates its fair value and was denominated in United States dollars.

During the year, the subsidiary fully repaid of loan principal and interest.

7. INVESTMENTS IN SUBSIDIARIES

	<u>2018</u> US\$	<u>2017</u> US\$
Unquoted equity investments, at cost:		
At beginning of the year	19,711,732	19,433,431
Additions during the year	2,490,516	278,301
At end of the year	22,202,248	19,711,732

The details of the 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>2018</u>	<u>2017</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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

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

The details of the subsidiaries are as follows: (...cont'd)

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Percentage of equity held</u>	
			<u>2018</u>	<u>2017</u>
PT. Pidilite Indonesia	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
Pidilite Industries Trading (Shanghai) Co. Ltd.	China	Wholesale, commission agency (excluding auction) and import & export of adhesive, sealants, construction and paint chemicals.	100	100
Pidilite Lanka (Private) Limited	Sri Lanka	Sale of manufactured and imported adhesive products	76	76
Nebula East Africa Private Limited <small>Note 2</small>	Kenya	Production and sale of adhesive and chemical products	99	99

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

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

The details of the subsidiaries are as follows (...cont'd):

Notes

1. 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.
2. During the last financial year, the company make an investment of US\$48,842 (Kenyan Shilling 4,950,000) in the share capital of Nebula East Africa Private Limited along with Pidilite Middle East Limited in Kenya.

8. INTANGIBLE ASSETS

	<u>2018</u>	<u>2017</u>
	US\$	US\$
At the beginning of the year	958,867	958,867
Disposal	<u>(901,932)</u>	<u>-</u>
At the end of the year	<u>56,935</u>	<u>958,867</u>

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>2018</u>	<u>2017</u>
	US\$	US\$
Accruals for operating expenses	22,842	38,869
Amount due to related company		
- Pidilite Innovation Centre Pte Ltd	1,361	-
Amount due to holding company		
- Pidilite Industries Limited	<u>180</u>	<u>-</u>
	<u>24,383</u>	<u>38,869</u>

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

9. OTHER PAYABLES (...CONT'D)

Amount due to related company and holding company are non-trade in nature, unsecured, interest-free, repayable in demand and are denominated in Singapore dollar.

10. SHARE CAPITAL

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Number of ordinary shares		US\$	US\$
<u>Issued</u>				
At the beginning of the year	20,562,716	20,562,716	21,641,444	21,641,444
Issuance of ordinary shares	<u>2,440,050</u>	<u>-</u>	<u>2,440,050</u>	<u>-</u>
At the end of the year	<u><u>23,002,766</u></u>	<u><u>20,562,716</u></u>	<u><u>24,081,494</u></u>	<u><u>21,641,444</u></u>

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

During the financial year, the company increased its paid up share capital from US\$21,641,444 to US\$24,081,494 by way of further allotment of shares for a total consideration of US\$2,440,050. The increase in share capital was by capitalising the share application monies (Note 11) amounting to US\$720,050 and US\$1,720,000 by cash, 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.

Change in functional currency from 1 April 2011

The effect of change in functional currency from Singapore dollar to United States dollars has been accounted for prospectively from 1 April 2011. All items in the financial statements of the company as at 1 April 2011 were translated into the new functional currency using the exchange rate at the date of change. The resulting translated amounts for non-monetary items, including share capital, are treated as their historical costs.

From 1 April 2011, the historical cost of 15,643,426 ordinary shares amounted to US\$16,722,154. On account of this, there is a difference in share capital amount as per financial statements and Accounting and Corporate Regulatory Authority (ACRA) records.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

11. SHARE APPLICATION MONIES

These represented advances received from shareholders as additional funding for the company's working capital and operational activities. During the year, the shares application monies were converted to share capital.

The carrying amounts of shares application monies represented their costs.

12. OPERATING EXPENSES

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Accounting fee	1,074	4,774
Legal and professional fees	77,883	96,581
Others	18,884	10,824
	<u>97,841</u>	<u>112,179</u>

13. INCOME TAX EXPENSE

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Current income tax	2,000	17,919
Overprovision in prior year	-	(4,061)
Foreign tax paid	1,158	79,156
	<u>3,158</u>	<u>93,014</u>

The current period income tax expense varied from the amount of income tax determined by applying the applicable Singapore statutory income tax rate of 17% (2017: 17%) to the profit before income tax as a result of the following differences:

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

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Profit before income tax	<u>1,048,013</u>	<u>685,253</u>
Income tax expense at applicable rate	178,162	116,493
Non-taxable items	(171,715)	(71,977)
Exempt income	(3,537)	(18,584)
Overprovision in prior year	-	(4,061)
Foreign tax paid	1,158	79,156
Tax rebate	(514)	(4,497)
Tax credit	(338)	(3,516)
Other	(58)	-
	<u>3,158</u>	<u>93,014</u>

14. IMMEDIATE AND ULTIMATE HOLDING COMPANY

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

15. 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

15. RELATED PARTY TRANSACTIONS (...CONT'D)

	<u>2018</u> US\$	<u>2017</u> US\$
Loan to subsidiary	-	1,000,000
Interest income from subsidiary	6,795	14,027
Dividend income from subsidiary	-	497,674
Reimbursement of professional fees paid by related company - Pidilite USA	38,642	29,200
Reimbursement of expenses paid by holding company - Pidilite Industries limited	180	-
Royalty income from related company - Pidilite USA	86,777	257,696
Royalty income from holding company - Pidilite Industries limited	6,214	39,646
	<hr/> <hr/>	<hr/> <hr/>

Related company is a company with common directors.

16. 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's functional currency.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

16. 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:

	US\$
<u>2018</u>	
Financial assets	
Cash at bank	47,425
Financial liabilities	
Other payables	(24,383)
Net currency exposure	23,042
<u>2017</u>	
Financial assets	
Cash at bank	16,019
Financial liabilities	
Other payables	(38,869)
Net currency exposure	(22,850)

If the Singapore dollar had strengthened/weakened by 6% (2017: 4%) 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\$1,400 (2017: US\$914) higher/lower as a result of currency translation gains/losses.

(ii) Interest rate risk

In 2017, the company's exposure to interest rate risk arises from its loan to subsidiary (Note 6). The company's policy is to obtain the most favourable interest rates available. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's profit after tax for the financial year would increase/decrease by approximately US\$5,000.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

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

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

(ii) Interest rate risk (...cont'd)

As at the end of the reporting period, the company has no significant exposure to market risk for changes in interest rate, as there are no interests bearing borrowing. Hence, no sensitivity analysis adjustment 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.

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>2018</u>	<u>2017</u>
	US\$	US\$
Current	<u>57,247</u>	<u>78,782</u>

There is no other class of financial assets that is past due and/or impaired.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

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

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

	On demand or within <u>1 year</u> US\$
<u>2018</u>	
Other payables	24,383
<u>2017</u>	
Other payables	38,869

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, loan to subsidiary and other payables approximate their fair values 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>2018</u> US\$	<u>2017</u> US\$
Financial assets		
Loans and receivables:		
Cash at bank	3,289,970	1,098,921
Trade receivables	57,247	78,782
Loan to subsidiary	-	1,014,027
	3,347,217	2,191,730
Financial liability		
Amortised cost:		
Other payables	24,383	38,869
	24,383	38,869

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

17. 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 2018 and the overall strategy remained unchanged from 2017.

18. 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 were issued but not yet effective:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 102 <i>Share-Based Payment: Classification And Measurement of Share-Based Payment Transactions</i>	1 January 2018
Amendments to FRS 40 <i>Investment Property: Transfers of Investment Property</i>	1 January 2018
INT FRS 122: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

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 except for the following:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (...CONT'D)

18. STANDARDS ISSUED BUT NOT YET EFFECTIVE (...CONT'D)

(a) FRS 109 Financial instruments

FRS 109 introduces new requirements for classification and measurement of financial asset impairment of financial assets and hedge accounting, and is effective for annual period beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristic and the business model under which they are held. The impairment requirements in FRS109 are based on an expected credit loss model and replace the FRS39 incurred loss model.

The company will adopt the new standard on the required effective date without restating prior periods' information and will recognise any difference between the previous carrying amount and the carrying amount and the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The company has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the company adopts FRS 109 in 2018.

Classification and measurement

Overall, the company does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS109. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held.

Impairment

FRS 109 requires the company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the company does not expect any significant impact on its loans and receivables, but will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact. The company does not expect significant impact from this change.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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18. STANDARDS ISSUED BUT NOT YET EFFECTIVE (...CONT'D)

(b) FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. Either a full or modified retrospective application is required when the company is required to adopt it on 1 April 2018. Based on the management's initial assessment, the company does not expect a significant impact on the timing and amount of revenue recognition based on its performance obligations as at 31 March 2018. The company is currently in the process of finalising the effects of FRS115 and the quantum of the final transition adjustments may be different upon finalisation.