

PIDILITE BAMCO LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2015

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 2015, 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 2015, and its results of operations for the year then ended in accordance with Thai Financial Reporting Standards applicable to non-publicly accountable entities.

Other matter

The financial statements of Pidilite Bamco Limited for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 12 May 2014.



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

Bangkok
29 April 2015

Pidilite Bamco Limited

Statement of financial position

As at 31 March 2015

		(Unit: Baht)	
	<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets			
Current assets			
Cash and cash equivalents	5	1,745,532	2,013,162
Trade and other receivables	6	42,856,015	35,774,057
Inventories	7	<u>16,534,753</u>	<u>20,655,639</u>
Total current assets		<u>61,136,300</u>	<u>58,442,858</u>
Non-current assets			
Property, plant and equipment	8	28,990,094	27,990,375
Intangible assets	9	654,516	707,309
Other non-current assets		<u>811,284</u>	<u>747,704</u>
Total non-current assets		<u>30,455,894</u>	<u>29,445,388</u>
Total assets		<u><u>91,592,194</u></u>	<u><u>87,888,246</u></u>

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

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Pidilite Bamco Limited

Statement of financial position (continued)

As at 31 March 2015

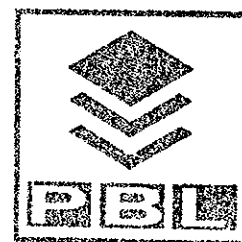
(Unit: Baht)

	Note	<u>2015</u>	<u>2014</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	10	4,873,196	17,961,145
Trade and other payables	11	21,164,831	19,815,544
Other current liabilities		<u>2,171,549</u>	<u>1,425,545</u>
Total current liabilities		<u>28,209,576</u>	<u>39,202,234</u>
Non-current liabilities			
Provision for long-term employee benefits	12	<u>161,456</u>	<u>107,456</u>
Total non-current liabilities		<u>161,456</u>	<u>107,456</u>
Total liabilities		<u>28,371,032</u>	<u>39,309,690</u>
Shareholders' equity			
Share capital			
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
Retained earnings			
Appropriated-statutory reserve	13	1,250,000	1,250,000
Unappropriated		<u>26,971,162</u>	<u>12,328,556</u>
Total shareholders' equity		<u>63,221,162</u>	<u>48,578,556</u>
Total liabilities and shareholders' equity		<u>91,592,194</u>	<u>87,888,246</u>

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

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Directors



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Pidilite Bamco Limited

Income statement

For the year ended 31 March 2015

		(Unit: Baht)	
	<u>Note</u>	<u>2015</u>	<u>2014</u>
Revenues			
Sales	3	198,472,166	183,080,813
Other income		<u>4,966,626</u>	<u>2,580,458</u>
Total revenues		<u>203,438,792</u>	<u>185,661,271</u>
Expenses			
Cost of sales	3	125,214,379	117,303,332
Selling expenses		38,318,055	31,220,129
Administrative expenses		20,824,510	18,292,449
Other expenses		<u>127</u>	<u>14,831</u>
Total expenses		<u>184,357,071</u>	<u>166,830,741</u>
Profit before finance cost and income tax expenses		19,081,721	18,830,530
Finance cost		<u>(457,515)</u>	<u>(750,810)</u>
Profit before income tax expenses		18,624,206	18,079,720
Income tax expenses	14	<u>(3,981,600)</u>	<u>(3,632,490)</u>
Net profit for the year		<u>14,642,606</u>	<u>14,447,230</u>

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

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Pidilite Bamco Limited

Statement of changes in shareholders' equity

For the year ended 31 March 2015

(Unit: Baht)

	Issued and fully paid-up share capital	Retained earnings		Total
		Appropriated	Unappropriated	
Balance as at 1 April 2013	35,000,000	1,250,000	(2,118,674)	34,131,326
Net profit for the year	-	-	14,447,230	14,447,230
Balance as at 31 March 2014	<u>35,000,000</u>	<u>1,250,000</u>	<u>12,328,556</u>	<u>48,578,556</u>
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
Balance as at 31 March 2015	<u>35,000,000</u>	<u>1,250,000</u>	<u>26,971,162</u>	<u>63,221,162</u>

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

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Pidilite Bamco Limited

Cash flow statement

For the year ended 31 March 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
(Unit: Baht)			
Cash flows from operating activities			
Profit before tax		18,624,206	18,079,720
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation		2,556,546	2,286,403
Amortization of intangible assets		131,452	139,737
Reversal doubtful accounts		(167,391)	(868,578)
Bad debts		-	187,075
Reduction of inventory to net realisable value		25,969	271,416
Profit on sales of assets		(84)	(15,702)
Loss on sales of property, plant and equipment		126	14,831
Provision for long-term employee benefits		54,000	36,000
Unrealised (gain) loss on exchange		81,660	(25,194)
Interest expenses		<u>457,515</u>	<u>750,810</u>
Profit from operating activities before changes in operating assets and liabilities		21,763,999	20,856,518
Operating assets (increase) decrease			
Trade and other receivables		(6,992,434)	134,007
Inventories		4,094,917	(6,747,040)
Other assets		(63,580)	(181,984)
Operating liabilities increase (decrease)			
Trade and other payables		<u>1,349,287</u>	<u>2,778,503</u>
Cash flows from (used in) operating activities		20,152,189	16,840,004
Cash paid for interest expenses		(457,515)	(750,810)
Cash paid for corporate income tax		<u>(3,235,596)</u>	<u>(2,718,890)</u>
Net cash flows from (used in) operating activities		<u>16,459,078</u>	<u>13,370,304</u>

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

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Pidilite Bamco Limited

Cash flow statement (continued)

For the year ended 31 March 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
(Unit: Baht)			
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,563,977)	(2,242,660)
Proceeds from sales of property, plant and equipment		3,877	122,792
Acquisition of intangible assets		<u>(78,659)</u>	<u>(126,850)</u>
Net cash flows from (used in) investing activities		<u>(3,638,759)</u>	<u>(2,246,718)</u>
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions		(13,087,949)	(10,353,274)
Repayment of liabilities under financial leases		<u>-</u>	<u>(42,446)</u>
Net cash flows from (used in) financing activities		<u>(13,087,949)</u>	<u>(10,395,720)</u>
Net increase (decrease) in cash and cash equivalents		(267,630)	727,866
Cash and cash equivalents at beginning of year		<u>2,013,162</u>	<u>1,285,296</u>
Cash and cash equivalents at end of year		<u><u>1,745,532</u></u>	<u><u>2,013,162</u></u>

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

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Pidilite Bamco Limited

Notes to financial statements

For the year ended 31 March 2015

1. General information

PidiliteBamco 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, TambonPraksa, AmphurMuangSamutprakan, 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 recognised 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.

3.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable 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 realisable 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 cost 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 amortisation 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

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 capitalised 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 recognised 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 recognised 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.

5. Cash and cash equivalents

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Cash on hand	60,000	54,755
Current accounts	50,708	689,388
Savings accounts	1,634,824	1,269,019
Total	<u>1,745,532</u>	<u>2,013,162</u>

6. Trade and other receivables

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Trade accounts receivable – related companies	4,877,867	6,332,830
Trade accounts receivable – other companies	36,899,764	28,707,337
Other receivables	1,165,394	988,291
Total	<u>42,943,025</u>	<u>36,028,458</u>
Less: Allowance for doubtful accounts	(87,010)	(254,401)
Trade and other receivables – net	<u>42,856,015</u>	<u>35,774,057</u>

7. Inventories

	(Unit: Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Finished goods	7,054,174	6,033,656	(647,580)	(484,961)	6,406,594	5,548,695
Work in process	-	764,102	-	-	-	764,102
Raw materials and packagings	10,760,932	15,112,265	(632,773)	(769,423)	10,128,159	14,342,842
Total	<u>17,815,106</u>	<u>21,910,023</u>	<u>(1,280,353)</u>	<u>(1,254,384)</u>	<u>16,534,753</u>	<u>20,655,639</u>

During the current year, the Company reduced cost of inventories by Baht 0.6million (2014: Baht 0.9 million), to reflect the net realisable value. This was presented as cost of sales.

8. Property, plant and equipment

(Unit: Baht)

Cost	Improvement					Assets under construction	Total
	Land	Buildings	for rent office and factory	Machinery And equipment	Office equipment		
1 April 2013	6,353,808	20,092,857	3,397,237	18,061,770	7,986,371	3,492,367	61,040,410
Additions	-	-	546,873	1,066,388	740,177	-	2,415,938
Disposals	-	-	(60,000)	(41,612)	(329,679)	(218,000)	(649,291)
Transfers in (out)	-	(1,640,692)	2,864,692	391,184	40,816	-	-
31 March 2014	6,353,808	18,452,165	6,748,802	19,477,730	8,437,685	3,274,367	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	-	-	-	-
31 March 2015	6,353,808	18,452,165	7,192,322	20,990,861	9,988,141	3,274,367	66,251,664
Accumulated depreciation:							
1 April 2013	-	8,000,787	747,064	13,917,271	7,386,342	3,006,185	33,057,649
Depreciation for the year	-	767,804	303,049	711,967	267,378	236,204	2,286,402
Disposals	-	(130,749)	(45,169)	(22,016)	(323,740)	(136,445)	(658,119)
Transfers in (out)	-	-	130,750	(1,357)	1,357	-	130,750
31 March 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
Depreciation on disposals	-	-	-	-	(111,658)	-	(111,658)
31 March 2015	-	9,354,443	1,483,838	15,434,503	7,755,996	3,232,790	37,261,570
Net book value:							
31 March 2014	6,353,808	9,814,323	5,613,108	4,871,865	1,106,348	168,423	27,990,375
31 March 2015	6,353,808	9,097,722	5,708,484	5,556,358	2,232,145	41,577	28,990,094

9. Intangible assets

	(Unit: Baht)	
	2015	2014
Computer software – cost	1,381,208	1,302,549
<u>Less:</u> Accumulated amortization	(726,692)	(595,240)
Net book value	<u>654,516</u>	<u>707,309</u>
	2015	2014
Net book value at beginning year	707,309	720,196
Additions	78,659	126,850
Amortisation	(131,452)	(139,737)
Net book value at end of year	<u>654,516</u>	<u>707,309</u>

10. Bank overdrafts and short-term loans from financial institutions

		(Unit: Baht)	
	(percent per annum)	2015	2014
Bank overdrafts	8.25%	373,196	461,145
Short-term loans from financial institution	4.1% and 4.3%	4,500,000	17,500,000
Total		<u>4,873,196</u>	<u>17,961,145</u>

The Company obtained overdrafts facilities and short-term loans from financial institution of total credits lines of Baht 50.90 million, guaranteed by an overseas related company.

11. Trade and other payables

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Trade accounts payable – related companies	2,734,061	1,771,477
Trade accounts payable – other companies	14,283,827	14,900,173
Accrued expenses	2,925,872	2,146,990
Other payable	1,221,071	996,904
Total	<u>21,164,831</u>	<u>19,815,544</u>

12. Provisions

	(Unit: Baht)
	Long-term employee benefits
At 1 April 2013	<u>71,456</u>
Increase during the year	<u>36,000</u>
At 31 March 2014	107,456
Increase during the year	<u>54,000</u>
At 31 March 2015	<u>161,456</u>

13. 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.

14. Income tax

For the year ended March 31, 2015 and 2014, 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.

15. Commitments and contingent liabilities

15.1 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>2015</u>	<u>2014</u>
Payable:		
in up to 1 year	3.6	0.6
In over 1 and up to 3 years	1.2	0.2

During the year 2015, the Company recognised rental expenses of Baht 3.8 million(2014: Baht 2.5 million).

15.2 Guarantees

As at 31 March 2015, there were outstanding bank guarantees of approximately Baht 0.11 million(2014: Baht 0.11 million) issued by banks to guarantee electricity use with the Provincial Electricity Authority. The letter guarantee is guaranteed by an overseas related company.

16. Approval of financial statements

These financial statements were authorized for issue by the Company's authorized director of the Board of Director meeting on 29 April 2015.