

**NATCO PHARMA ASIA PTE. LTD.**  
(Incorporated in Singapore)  
Reg. No: 201230076Z

**ANNUAL FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR  
ENDED 31 MARCH 2016**

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**DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

The directors present their statement to the members together with the audited financial statements of Natco Pharma Asia Pte. Ltd. (the "Company") for the financial year ended 31 March 2016.

**1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (a) the 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 2016 and the financial performance, changes in equity and cash flows of the Company for the 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.

**2. DIRECTORS**

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

Mente Subba Rao  
Virkar Girish Suresh  
Ramasamy Jayapal

**3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR 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 or debentures of the Company or any other body corporate.

**4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES**

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

<u>Name of directors</u>	<u>Deemed interest</u>	
	<u>At beginning of the financial year</u>	<u>At end of the financial year</u>
<u>Ordinary shares of the Holding Company</u>		
Mente Subba Rao	5,850	5,850

NATCO PHARMA ASIA PTE. LTD.  
(Reg. No: 201230076Z)

DIRECTORS' STATEMENT FOR THE FINANCIAL ENDED 31 MARCH 2016

5. **SHARE OPTIONS**

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


There were no shares 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 as at the end of the financial year.

6. **AUDITORS**

V. P. Kumaran & Co. has expressed its willingness to accept re-appointment as auditor.

On Behalf of the Board of Directors

  
.....  
Mente Subba Rao  
Director

  
.....  
Virkar Girish Suresh  
Director

Singapore.

**10 MAY 2016**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
NATCO PHARMA ASIA PTE. LTD.**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Natco Pharma Asia Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

*V.P. Kumaran & Co.*

**V. P. KUMARAN & CO**

Public Accountants and  
Chartered Accountants

Singapore,  
10 May 2016

AJ/VP/PD/LY

**NATCO PHARMA ASIA PTE. LTD.**  
(Reg. No: 201230076Z)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

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	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	4	<u>28,989</u>	<u>37,607</u>
<b>Current assets</b>			
Cash and cash equivalents	5	58,131	1,874
Other receivables	6	<u>18,840</u>	<u>13,191</u>
<b>Total current assets</b>		<u>76,971</u>	<u>15,065</u>
<b>Total assets</b>		<u>105,960</u>	<u>52,672</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	7	<u>71,480</u>	<u>21,250</u>
<b>Total current liabilities</b>		<u>71,480</u>	<u>21,250</u>
<b>Net assets</b>		<u><b>34,480</b></u>	<u><b>31,422</b></u>
<b>EQUITY</b>			
Share capital	8	665,000	340,000
Accumulated loss for the year		<u>(630,520)</u>	<u>(308,578)</u>
<b>Total equity</b>		<u><b>34,480</b></u>	<u><b>31,422</b></u>

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The accompanying notes form an integral part of these financial statements.

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NATCO PHARMA ASIA PTE. LTD.  
(Reg. No: 201230076Z)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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	Note	2016 \$	2015 \$
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>		-	-
		<hr/>	<hr/>
<b>COSTS AND EXPENSES</b>			
Depreciation	4	23,895	18,804
Other operating expenses		298,047	219,595
<b>Total costs and expenses</b>		<hr/> 321,942	<hr/> 238,399
<b>Loss before tax</b>	9	321,942	238,399
<b>Income tax expense</b>	10	<hr/> -	<hr/> -
<b>Loss representing total comprehensive loss for the financial year</b>		<hr/> 321,942	<hr/> 238,399

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The accompanying notes form an integral part of these financial statements.

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**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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	<b>Share capital</b>	<b>Accumulated loss</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2016</b>			
Balance at beginning of financial year	340,000	(308,578)	31,422
Shares issued during the financial year	325,000	-	325,000
Total comprehensive loss for the financial year	-	(321,942)	(321,942)
Balance at end of financial year	<u>665,000</u>	<u>(630,520)</u>	<u>34,480</u>
<b>2015</b>			
Balance at beginning of financial year	1	(70,179)	(70,178)
Shares issued during the financial year	339,999	-	339,999
Total comprehensive loss for the financial year	-	(238,399)	(238,399)
Balance at end of financial year	<u>340,000</u>	<u>(308,578)</u>	<u>31,422</u>

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The accompanying notes form an integral part of these financial statements.

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**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
		\$	\$
<b>Capital cash flows from operating activities</b>			
Loss before tax		(321,942)	(238,399)
Adjustment for:			
Depreciation of plant and equipment		23,895	18,804
<b>Operating loss before working capital changes</b>		(298,047)	(219,595)
<b>Changes in working capital:</b>			
Other receivables		(5,649)	(13,191)
Other payables and provision for director's fees		50,230	(18,804)
<b>Net cash flows used in operating activities</b>		(253,466)	(251,590)
<b>Capital cash flows from investing activities</b>			
Purchase of plant and equipment		(15,277)	(56,411)
<b>Net cash flows used in investing activities</b>		(15,277)	(56,411)
<b>Capital cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		325,000	339,999
Changes in amount due to director		-	4,000
Changes in amount due to holding company		-	(54,939)
<b>Net cash flows from financing activities</b>		325,000	289,060
<b>Net change in cash and cash equivalents</b>		56,257	(18,941)
<b>Cash and cash equivalents at beginning of financial period</b>		1,874	20,815
<b>Cash and cash equivalents at end of financial period</b>	5	58,131	1,874

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016**

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 May 2016.

**1. CORPORATE INFORMATION**

Natco Pharma Asia Pte. Ltd. (the “Company”) is a limited private liability company incorporated and domiciled in Singapore.

The registered office of the Company is located at

111 North Bridge Road  
#16-04 Peninsula Plaza  
Singapore 179098

The principal place of business of Company is at

62 Ubi Road 1,  
#03-21, Oxley Bizhub 2,  
Singapore 408734

The principal activities of the Company are those relating to wholesale of medical and pharmaceutical products (western) and R & D pharmaceutical products.

The holding company during the financial year is Natco Pharma Ltd incorporated in India.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or \$) and all values are rounded to the nearest dollar as indicated.

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have any effect on the financial performance or position of the Company.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Standards issued but not yet effective**

The Company has not adopted the standards that have been issued but not yet effective.

The directors expect that the adoption of these standards will have no material impact on the financial statements in the period of initial application.

**2.4 Foreign currency**

The Company's financial statements are presented in Singapore dollars, which is also the Company's functional currency.

*Transactions and balances*

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of comprehensive income.

**2.5 Plant and equipment**

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.5 Plant and equipment (continued)**

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Furniture and fittings 3 years
- Renovations 3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in statement of comprehensive income in the year the asset is derecognised.

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

**2.7 Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through statement of comprehensive income, directly attributable transaction costs.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.7 Financial liabilities (continued)**

*Other financial liabilities*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

**2.8 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.9 Taxes**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in statement of comprehensive income except to the extent that the tax relates to items recognised outside statement of comprehensive income, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.10 Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**2.11 Related parties**

A related party is defined as follows:

- (a) *A person or a close member of that person's family is related to the Company if that person:*
- (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) *An entity is related to the Company if any of the following conditions applies:*
- (i) 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).
  - (ii) 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).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) 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;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) 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).

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016**

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**3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Judgments made in applying accounting policies**

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on the amounts recognised in the financial statements:

*Determination of functional currency*

The Company measures foreign currency transactions in the functional currency of the Company. In determining the functional currency of the Company, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of the goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which it operates and its process of determining sales prices.

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Income taxes*

The Company has exposure to income taxes. A degree of judgment is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes would 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 provisions in the period in which such determination is made.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016**

**4. PLANT AND EQUIPMENT**

	<b>Furniture and fittings</b>	<b>Renovation</b>	<b>Total</b>
	\$	\$	\$
<b>2016</b>			
<b>Cost</b>			
At beginning of financial year	6,848	49,563	56,411
Additions during the financial year	155	15,122	15,277
At end of financial year	<u>7,003</u>	<u>64,685</u>	<u>71,688</u>
<b>Accumulated depreciation</b>			
At beginning of financial year	2,283	16,521	18,804
Depreciation for the financial year	2,334	21,561	23,895
At end of financial year	<u>4,617</u>	<u>38,082</u>	<u>42,699</u>
<b>Net carrying amount</b>			
At end of financial year	<u>2,386</u>	<u>26,603</u>	<u>28,989</u>

	<b>Furniture and fittings</b>	<b>Renovation</b>	<b>Total</b>
	\$	\$	\$
<b>2015</b>			
<b>Cost</b>			
At beginning of financial year	-	-	-
Additions during the financial year	6,848	49,563	56,411
At end of financial year	<u>6,848</u>	<u>49,563</u>	<u>56,411</u>
<b>Accumulated depreciation</b>			
At beginning of financial year	-	-	-
Depreciation for the financial year	2,283	16,521	18,804
At end of financial year	<u>2,283</u>	<u>16,521</u>	<u>18,804</u>
<b>Net carrying amount</b>			
At end of financial year	<u>4,565</u>	<u>33,042</u>	<u>37,607</u>



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016

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**5. CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	\$	\$
Cash at bank	57,631	1,374
Cash on hand	500	500
	<u>58,131</u>	<u>1,874</u>

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in Singapore dollars.

**6. OTHER RECEIVABLES**

	<b>2016</b>	<b>2015</b>
	\$	\$
Advance to supplier	5,740	-
Other receivables	-	2,091
Deposits	13,100	11,100
	<u>18,840</u>	<u>13,191</u>

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

**7. OTHER PAYABLES**

	<b>2016</b>	<b>2015</b>
	\$	\$
Other payables	44,267	4,191
Amount due to director	27,213	17,059
	<u>71,480</u>	<u>21,250</u>

*Amount due to director*

Amount due to director is non-trade related, unsecured, non-interest bearing and is repayable on demand.

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

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016**

**8. SHARE CAPITAL**

	2016	2016	2015	2015
Issued and fully paid ordinary shares:	No. of shares	\$	No. of shares	\$
At beginning of financial year	340,000	340,000	1	1
Shares issued during the financial year	325,000	325,000	339,999	339,999
At end of financial year	<u>665,000</u>	<u>665,000</u>	<u>340,000</u>	<u>340,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and have no par value.

**9. LOSS BEFORE TAX**

The following items have been included in arriving at loss before tax:

	2016	2015
<i>After charging:</i>	\$	\$
<u>Staff cost</u>		
- Director's salary	92,400	81,600
- Staff salary	7,500	-
- CPF contribution	1,278	-
	<u>1,278</u>	<u>-</u>

**10. INCOME TAX EXPENSE**

**a) Income tax expense**

	2016	2015
	\$	\$
Current year's income tax provision	-	-

**b) Reconciliation of effective tax**

	2016	2015
	\$	\$
Loss before tax	<u>(321,942)</u>	<u>(238,399)</u>
Income tax expense using the corporate tax rate of 17% (2015: 17%)	(54,730)	(40,528)
Losses disregarded	54,730	40,528
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016

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**11. RELATED PARTY DISCLOSURE**

During the financial year, in addition to information disclosed elsewhere in the financial statements, significant related party transactions between the Company and related parties carried out on terms agreed between the parties in the normal course of business are as follows:

**Related Party**

	<b>2016</b>	<b>2015</b>
	\$	\$
Professional fee paid to a company where a director has an interest	5,900	6,600

**Key Management Personnel**

	<b>2016</b>	<b>2015</b>
	\$	\$
Directors' remuneration	92,400	81,600

Balances with related party are set out in Note 7.

**12. COMMITMENTS**

**Operating lease commitments**

The Company has entered into non-cancellable operating lease for rental of office premises. At statement of financial position date, the Company was committed to making the following payment with respect of the lease:

	<b>2016</b>	<b>2015</b>
	\$	\$
Not later than one year	13,000	31,200
Later than one year but not later than five years	-	13,000
	<u>13,000</u>	<u>44,200</u>
Rental expense incurred during the year	<u>31,200</u>	<u>18,350</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) *Categories of financial instruments*

The following tables set out the financial instruments as at the end of financial year.

	Loans and receivables \$	Liabilities at amortised cost \$	Total \$
<b>2016</b>			
<i>Assets</i>			
Cash and cash equivalents	58,131	-	58,131
Other receivables	13,100	-	13,100
	<u>71,231</u>	<u>-</u>	<u>71,231</u>
<i>Liabilities</i>			
Other payables	-	71,480	<u>71,480</u>

	Loans and receivables \$	Liabilities at amortised cost \$	Total \$
<b>2015</b>			
<i>Assets</i>			
Cash and cash equivalents	1,874	-	1,874
Other receivables	13,191	-	13,191
	<u>15,065</u>	<u>-</u>	<u>15,065</u>
<i>Liabilities</i>			
Other payables	-	21,250	<u>21,250</u>

**13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

**(b) *Financial risk management objectives and policies***

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

**Credit risk**

Credit risk refers to the risk that counter parties may default on their contractual obligations resulting in a financial loss to the Company. As there are no trade receivable and cash and bank balances are placed with reputable local financial institutions, the Company has no exposure to credit risk.

***Liquidity risk***

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(CONTINUED)

(b) *Financial risk management objectives and policies (continued)*

*Liquidity risk (continued)*

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	One year or less \$	Two to five years \$	Total \$
<b>2016</b>			
<b><u>Financial assets</u></b>			
Cash and cash equivalents	58,131	-	58,131
Other receivables	13,100	-	13,100
Total undiscounted financial assets	<u>71,231</u>	<u>-</u>	<u>71,231</u>
<b><u>Financial liabilities</u></b>			
Other payables	71,480	-	71,480
Total undiscounted financial liabilities	<u>71,480</u>	<u>-</u>	<u>71,480</u>
Total net undiscounted financial liabilities	<u>(249)</u>	<u>-</u>	<u>(249)</u>
<b>2015</b>			
<b><u>Financial assets</u></b>			
Cash and cash equivalents	1,874	-	1,874
Other receivables	13,191	-	13,191
Total undiscounted financial assets	<u>15,065</u>	<u>-</u>	<u>15,065</u>
<b><u>Financial liabilities</u></b>			
Other payables	21,250	-	21,250
Total undiscounted financial liabilities	<u>21,250</u>	<u>-</u>	<u>21,250</u>
Total net undiscounted financial liabilities	<u>(6,185)</u>	<u>-</u>	<u>(6,185)</u>

**13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

*(b) Financial risk management objectives and policies (continued)*

**Foreign Currency Risk**

Foreign exchange risk arises from change in foreign exchange rates that may have an adverse effect on the Company in the current reporting period and in the future years. The Company's exposure to foreign currency risk is minimal as all transactions are dealt with in local currency.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Company has no interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

**14. FAIR VALUES**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

*Cash and cash equivalents, other receivables and other payables*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016**

**15. 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 capital to shareholders, 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. Management monitors capital based on a gearing ratio.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as other payables plus provision for directors' fees less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	<b>2016</b>	<b>2015</b>
	\$	\$
Net debt	13,349	19,376
Total equity	34,480	31,422
Total capital	<u>47,829</u>	<u>50,798</u>
Gearing ratio	<u>28%</u>	<u>38%</u>

**16. PRIOR YEAR RECLASSIFICATION**

Prior year reclassification was made to adjust for the director fee which was wrongly classified.

There is no effect on the loss before tax and the total equity for the year 2015.

	<b>Balance as previously stated</b>	<b>Prior year reclassification</b>	<b>Balance restated</b>
	\$	\$	\$
<b>Statement of financial position</b>			
<b>as at 31 March 2015</b>			
Provision for director fee	7,700	(7,700)	-
Amount due to director	9,359	7,700	<u>17,059</u>
<b>Statement of Comprehensive Income for the year</b>			
<b>ended 31 March 2015</b>			
Director fee	88,200	(88,200)	-
Director remuneration	-	81,600	81,600
Professional fee	-	6,600	<u>6,600</u>



**NATCO PHARMA ASIA PTE. LTD.**  
**(Reg. No: 201230076Z)**

**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>REVENUE</b>	-	-
<b>COSTS AND EXPENSES</b>		
Audit fee	4,500	3,500
Bank charges	298	425
Brokerage	1,070	3,263
Conveyance	2,951	1,804
CPF contribution	1,278	-
Depreciation	23,896	18,804
Directors' salaries	92,400	81,600
Electricity expenses	800	99
GST charges	1,823	-
Insurance charges	578	-
Legal charges	29,814	-
Office expenses	5,974	712
Office rent	31,200	18,350
Postage and courier	72	20
Printing and stationery	1,754	635
Product registration expense	43,468	17,072
Professional fees	12,035	6,600
Rent - other	38,000	28,000
Repair and maintenance	890	-
RLD sample purchase	15,406	54,469
Salary	7,500	-
Skill development levy	51	-
Staff welfare	1,909	851
Telephone expenses	2,775	2,195
Travelling expenses	1,500	-
<b>Total costs and expenses</b>	<b>321,942</b>	<b>238,399</b>
<b>Loss before tax</b>	<b>(321,942)</b>	<b>(238,399)</b>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
<b>Loss representing total comprehensive loss for the financial year</b>	<b>(321,942)</b>	<b>(238,399)</b>

This statement does not form part of the audited financial statements of the Company.