

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

**ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2015**

<u>CONTENTS</u>	<u>PAGE</u>
DIRECTORS' REPORT	1 - 2
STATEMENT BY DIRECTORS	3
INDEPENDENT AUDITOR'S REPORT	4 - 5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 25

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

The directors present their report to the members together with the audited financial statements of Natco Pharma Asia Pte. Ltd. (the "Company") for the financial year ended 31 March 2015.

1. DIRECTORS

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

Mente Subba Rao
Virkar Girish Suresh
Ramasamy Jayapal

2. 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.

3. 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 period</u>	<u>At end of the financial period</u>
Ordinary shares of the Holding Company		
Mente Subba Rao	5,850	5,850

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

DIRECTORS' REPORT FOR THE FINANCIAL ENDED 31 MARCH 2015

4. **DIRECTORS' CONTRACTUAL BENEFITS**

Except as disclosed in the financial statements, since the end of the previous financial period, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

5. **SHARE OPTIONS**

There were no share options granted by the Company during the financial year.

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 under option in the Company as at the end of the financial year.

6. **AUDITORS**

V. P. Kumaran & Co. has expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

M.S. Rao

.....
Mente Subba Rao
Director

G. Suresh

.....
Vijayar Girish Suresh
Director

Singapore,
19 May 2015

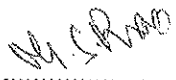
NATCO PHARMA ASIA PTE. LTD.
(Reg. No: 201230076Z)

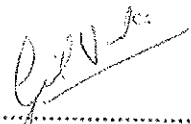
STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and of the results of the business, changes in equity and cash flows of the Company 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.

On behalf of the Board of Directors


.....
Mente Subba Rao
Director


.....
Virkar Girish Suresh
Director

Singapore,
19 May 2015

**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 2015, 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 profit and loss account and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 state of affairs of the Company as at 31 March 2015 and of the results, 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.

VP Kumaran & Co.

V. P. KUMARAN & CO
Public Accountants and
Chartered Accountants

Singapore,
19 May 2015

AJ/VP/RT/LY

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015	2014
		\$	\$
ASSETS			
Non-current assets			
Plant and equipment	4	37,607	-
Current assets			
Cash and cash equivalents	6	1,874	20,815
Other receivables	5	13,191	-
Total current assets		15,065	20,815
Total assets		52,672	20,815
LIABILITIES			
Current liabilities			
Other payables	7	13,550	64,493
Provision for directors' fees		7,700	26,500
Total current liabilities		21,250	90,993
Net assets/(liabilities)		31,422	(70,178)
EQUITY			
Share capital	8	340,000	1
Accumulated loss for the year/period		(308,578)	(70,179)
Total equity		31,422	(70,178)

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

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

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

	Note	01.04.2014 to 31.3.2015 \$	10.12.2012 to 31.03.2014 \$
CONTINUING OPERATIONS			
REVENUE		-	-
<hr/>			
COSTS AND EXPENSES			
Depreciation	4	18,804	-
Other operating expenses		219,595	70,179
Total costs and expenses		<hr/> 238,399	<hr/> 70,179
Loss before tax	9	(238,399)	(70,179)
Income tax expense	10	-	-
<hr/>			
Loss representing total comprehensive loss for the financial period		<hr/> (238,399)	<hr/> (70,179)

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Share capital	Accumulated loss	Total equity
	\$	\$	\$
01.04.2014 to 31.03.2015			
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>
10.12.2012 to 31.03.2014			
Balance at date of incorporation	1	-	1
Total comprehensive loss for the financial period	-	(70,179)	(70,179)
Balance at end of financial period	<u>1</u>	<u>(70,179)</u>	<u>(70,178)</u>

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

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	01.04.2014	10.12.2012
	to	to
Note	31.03.2015	31.03.2014
	\$	\$
Capital cash flows from operating activities		
Loss before tax	(238,399)	(70,179)
Adjustment for:		
Depreciation of plant and equipment	18,804	-
Operating loss before working capital changes	<u>(219,595)</u>	<u>(70,179)</u>
Changes in working capital:		
Other receivables	(13,191)	-
Other payables and provision for director's fees	(18,804)	30,695
Net cash flows used in operating activities	<u>(251,590)</u>	<u>(39,484)</u>
Capital cash flows from investing activities		
Purchase of plant and equipment	(56,411)	-
Net cash flows used in investing activities	<u>(56,411)</u>	<u>-</u>
Capital cash flows from financing activities		
Proceeds from issuance of ordinary shares	339,999	1
Changes in amount due to director	4,000	5,359
Changes in amount due to holding company	(54,939)	54,939
Net cash flows from financing activities	<u>289,060</u>	<u>60,299</u>
Net changes in cash and cash equivalents	(18,941)	20,815
Cash and cash equivalents at beginning of financial period	20,815	-
Cash and cash equivalents at end of financial period 6	<u>1,874</u>	<u>20,815</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19 May 2015.

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 January 2014. 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 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (January 2014)	1 July 2014
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	
(d) Amendments to FRS 113 Fair Value Measurement	1 July 2014
(e) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2014
(f) Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)	1 July 2014
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2015

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).

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 2015

4. PLANT AND EQUIPMENT

	Furniture and fittings	Renovation	Total
2015	\$	\$	\$
Cost			
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>
Accumulated depreciation			
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>
Net carrying amount			
At end of financial year	<u>4,565</u>	<u>33,042</u>	<u>37,607</u>

5. OTHER RECEIVABLES

	2015	2014
	\$	\$
Other receivables	2,091	-
Deposits	11,100	-
	<u>13,191</u>	<u>-</u>

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

6. CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Cash at bank	1,374	20,815
Cash on hand	500	-
	<u>1,874</u>	<u>20,815</u>

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2015

7. OTHER PAYABLES

	2015	2014
	\$	\$
Other payables	4,191	4,195
Amount due to holding company	-	54,939
Amount due to director	9,359	5,359
	<u>13,550</u>	<u>64,493</u>

Amount due to holding company

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

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 value and are denominated in Singapore dollars.

8. SHARE CAPITAL

	2015	2015	2014	2014
	No. of shares	\$	No. of shares	\$
Issued and fully paid:				
At beginning of financial year/period	1	1	1	1
Shares issued during the financial year	339,999	339,999	-	-
At end of financial year/period	<u>340,000</u>	<u>340,000</u>	<u>1</u>	<u>1</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:

	01.04.2014	10.12.2012
	to	to
	31.03.2015	31.03.2014
	\$	\$
<i>After charging:</i>		
Staff cost - Directors' fees	<u>88,200</u>	<u>56,500</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2015

10. INCOME TAX EXPENSE

a) Income tax expense

	01.04.2014	10.12.2012
	to	to
	31.03.2015	31.03.2014
	\$	\$
Current year's income tax provision	-	-

b) Reconciliation of effective tax

	01.04.2014	10.12.2012
	to	to
	31.03.2015	31.03.2014
	\$	\$
Loss before tax	(238,399)	(70,179)
Income tax expense using the corporate tax rate of 17% (2014: 17%)	(40,528)	(11,930)
Losses disregarded	40,528	11,930

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:

Key Management Personnel

	01.04.2014	10.12.2012
	to	to
	31.03.2015	31.03.2014
	\$	\$
Directors' fees	88,200	56,500

Balances with related party are set out in Note 8.

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:

	2015	2014
	\$	\$
Not later than one year	31,200	-
Later than one year but not later than five years	13,000	-
	<u>44,200</u>	<u>-</u>
Rental expense incurred during the year	<u>18,350</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2015

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 \$
2015			
<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	-	13,550	13,550
	<u>-</u>	<u>13,550</u>	<u>13,550</u>

	Loans and receivables \$	Liabilities at amortised cost \$	Total \$
2014			
<i>Assets</i>			
Cash and cash equivalents	20,815	-	20,815
	<u>20,815</u>	<u>-</u>	<u>20,815</u>
<i>Liabilities</i>			
Other payables	-	64,493	64,493
	<u>-</u>	<u>64,493</u>	<u>64,493</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 2015

**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 \$
2015			
<u>Financial assets</u>			
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>
<u>Financial liabilities</u>			
Other payables	13,550	-	13,550
Total undiscounted financial liabilities	<u>13,550</u>	<u>-</u>	<u>13,550</u>
Total net undiscounted financial assets	<u>1,515</u>	<u>-</u>	<u>1,515</u>
2014			
<u>Financial assets</u>			
Cash and cash equivalents	20,815	-	20,815
Total undiscounted financial assets	<u>20,815</u>	<u>-</u>	<u>20,815</u>
<u>Financial liabilities</u>			
Other payables	64,493	-	64,493
Total undiscounted financial liabilities	<u>64,493</u>	<u>-</u>	<u>64,493</u>
Total net undiscounted financial liabilities	<u>(43,678)</u>	<u>-</u>	<u>(43,678)</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 2015

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.

	2015	2014
	\$	\$
Net debt	19,376	70,178
Total equity	29,331	(70,178)
Total capital	<u>48,707</u>	<u>-</u>
Gearing ratio	<u>40%</u>	<u>-</u>

16. COMPARATIVE INFORMATION

The financial statements for the previous period cover the period from 10.12.2012 to 31.03.2014. The financial statements for the current year cover the twelve-month period ended 31.03.2015.

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

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

	01.04.2014 to 31.03.2015 \$	10.12.2012 to 31.03.2014 \$
REVENUE	-	-
COSTS AND EXPENSES		
Audit fee	3,500	1,250
Bank charges	425	95
Brokerage	3,263	-
Conveyance	1,804	-
Depreciation	18,804	-
Directors' fees	88,200	56,500
Electricity expenses	99	-
Incorporation fees	-	1,250
Office expenses	712	-
Office rent	18,350	-
Postage and courier	20	35
Printing and stationery	635	65
Product registration expense	17,072	1,930
Professional fees	-	2,700
Registered office fees	-	325
Rent - other	28,000	-
RLD sample purchase	54,469	-
Secretarial fees	-	670
Staff welfare	851	-
Tax fees	-	500
Telephone expenses	2,195	-
Travelling expenses	-	4,859
Total costs and expenses	238,399	70,179
Loss before tax	(238,399)	(70,179)
Income tax expense	-	-
Loss representing total comprehensive loss for the financial period	(238,399)	(70,179)

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