



The Directors
Waters Pacific Pte. Ltd.
1 Science Park Road
#02-08 The Capricorn
Singapore Science Park II
Singapore 117528

Attention: Mr Alan Tan

5 July 2016

Our ref: ASR GA4 / 02522052A000 / SMLT-PG (14F)
(When Replying Please Quote Our Reference)

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Dear Sirs

We are pleased to return herewith 2 bound and 3 unbound copies of the annual report, which includes our audit report on the financial statements for the year ended 31 December 2015 duly signed by us as auditors.

When submitting the annual report with the Annual Return to ACRA, the "signing auditor's name" is required. For your information, the public accountant who signed off these "accounts" is Sim May Ling Theresa, so please state this name when completing and submitting the electronic Annual Return form to ACRA.

As instructed, a copy of the signed copy for filing with the Comptroller of Income Tax has been forwarded to PricewaterhouseCoopers Singapore Pte Ltd for this purpose.

Yours faithfully



Encl:

PricewaterhouseCoopers LLP, 8 Cross Street #17-00, PWC Building, Singapore 048424
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WATERS PACIFIC PTE. LTD.

(Incorporated in Singapore. Registration Number: 200512450H)

FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

WATERS PACIFIC PTE. LTD.

(Incorporated in Singapore)

FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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WATERS PACIFIC PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2015.

In the opinion of the directors,

- (a) the financial statements as set out on pages 4 to 34 are drawn up so as to give a true and fair view of the financial position of the Company at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mark Tyrell Beaudouin
Yvonne Deborah Talon

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in <u>name of director</u>		Holdings in which a director is deemed to <u>have an interest</u>	
	<u>At</u> <u>31.12.2015</u>	<u>At</u> <u>1.1.2015</u>	<u>At</u> <u>31.12.2015</u>	<u>At</u> <u>1.1.2015</u>
Ultimate holding corporation				
- Waters Corporation				
(No. of ordinary shares)				
Mark Tyrell Beaudouin	6,048	5,994	-	-
Yvonne Deborah Talon	1,932	3,195	-	-
(No. of unissued ordinary shares under option)				
Mark Tyrell Beaudouin	48,000	53,000	-	-
Yvonne Deborah Talon	12,753	9,000	-	-

WATERS PACIFIC PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Share options

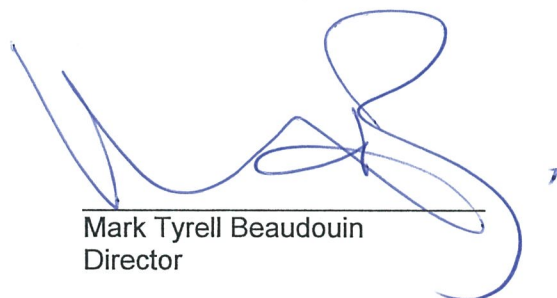
No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.



Mark Tyrell Beaudouin
Director

- 2 JUN 2016



Yvonne Deborah Talon
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF WATERS PACIFIC PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Waters Pacific Pte. Ltd. (the "Company") set out on pages 4 to 34, which comprise the balance sheet as at 31 December 2015, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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 (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 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 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.

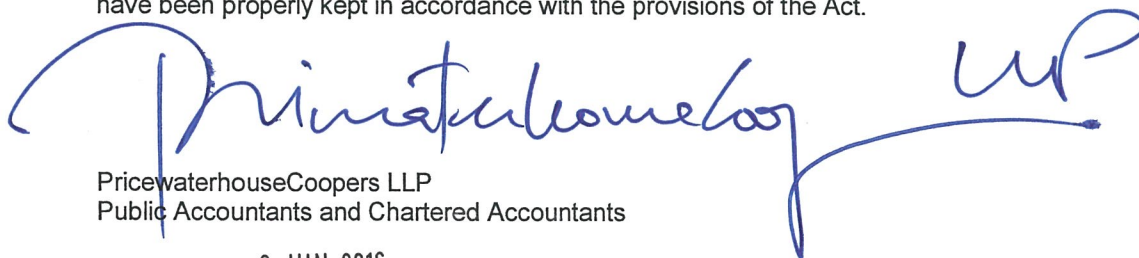
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company 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 December 2015, and of the financial performance, changes in equity and cash flows of the Company for the 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.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, - 2 JUN 2016

WATERS PACIFIC PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Revenue	4	351,975	323,000
Cost of sales	6	(170,425)	(154,782)
Gross profit		181,550	168,218
Other income	5(a)	11,253	9,994
Other losses	5(b)	(4,297)	(4,734)
Expenses			
- Distribution and marketing	6	(55,628)	(52,209)
- Research and development	6	(3,000)	(2,849)
- Administrative	6	(4,219)	(3,583)
Profit before income tax		125,659	114,837
Income tax expense	7(a)	(513)	(542)
Profit after tax		125,146	114,295
Other comprehensive loss:			
Items that may be reclassified subsequently to profit and loss:			
Available-for-sale financial assets			
- Fair value losses	19	(109)	(307)
Other comprehensive loss, net of tax		(109)	(307)
Total comprehensive income		125,037	113,988

The accompanying notes form an integral part of these financial statements

WATERS PACIFIC PTE. LTD.

BALANCE SHEET

As at 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	127,800	83,390
Trade and other receivables	9	174,185	158,005
Available-for-sale financial assets	12	495,500	421,432
Inventories	10	5,103	3,687
Other current assets	11	487	597
		<u>803,075</u>	<u>667,111</u>
Non-current asset			
Property, plant and equipment	13	4,494	4,578
Intangible assets	14	637	-
Investment in a subsidiary	15	1,200	-
		<u>6,331</u>	<u>4,578</u>
Total assets		<u>809,406</u>	<u>671,689</u>
LIABILITIES			
Current liabilities			
Trade and other payables	16	62,819	50,545
Deferred revenue	17	1,865	1,708
Current income tax liabilities	7(b)	313	350
		<u>64,997</u>	<u>52,603</u>
Non-current liabilities			
Deferred revenue	17	833	762
Deferred income tax liabilities	7(c)	545	330
		<u>1,378</u>	<u>1,092</u>
Total liabilities		<u>66,375</u>	<u>53,695</u>
NET ASSETS		<u>743,031</u>	<u>617,994</u>
EQUITY			
Share capital	18	800	800
Fair value reserve	19	(362)	(253)
Retained profits		742,593	617,447
Total equity		<u>743,031</u>	<u>617,994</u>

The accompanying notes form an integral part of these financial statements

WATERS PACIFIC PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Note	Share capital US\$'000	Fair value reserve US\$'000	Retained profits US\$'000	Total equity US\$'000
2015					
Beginning of financial year		800	(253)	617,447	617,994
Profit for the year		-	-	125,146	125,146
Other comprehensive loss for the year		-	(109)	-	(109)
Total comprehensive income		-	(109)	125,146	125,037
End of financial year		800	(362)	742,593	743,031
2014					
Beginning of financial year		800	54	508,852	509,706
Profit for the year		-	-	114,295	114,295
Other comprehensive loss for the year		-	(307)	-	(307)
Total comprehensive income		-	(307)	114,295	113,988
Dividends paid	20	-	-	(5,700)	(5,700)
End of financial year		800	(253)	617,447	617,994

The accompanying notes form an integral part of these financial statements

WATERS PACIFIC PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Cash flows from operating activities			
Profit after tax		125,146	114,295
Adjustments for:			
- Income tax expense		513	542
- Depreciation and amortisation		1,251	1,256
- Interest income		(2,379)	(1,539)
- Net gain on disposal of available-for-sale financial assets		(7)	(1)
- Net loss on disposal of property, plant and equipment		8	25
- Unrealized currency translation losses		180	113
		<u>124,712</u>	<u>114,691</u>
Change in working capital, net of effects from business combination:			
- Trade and other receivables		(16,134)	(44,168)
- Inventories		(1,261)	(2,144)
- Other current assets		110	(274)
- Deferred revenue		228	877
- Trade and other payables		11,753	(3,719)
		<u>119,408</u>	<u>65,263</u>
Cash generated from operations			
Income tax paid		(212)	(226)
Dividends paid		-	(5,700)
Net cash provided by operating activities		<u>119,196</u>	<u>59,337</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(1,543)	(2,125)
Disposal of property, plant and equipment		379	525
Purchases of available-for-sale financial assets		(553,465)	(480,789)
Disposal of available-for-sale financial assets		479,220	407,386
Acquisition of a subsidiary		(1,200)	-
Acquisition of a business		(330)	-
Interest received		2,333	1,361
Net cash used in investing activities		<u>(74,606)</u>	<u>(73,642)</u>
Net increase/(decrease) in cash and cash equivalents		<u>44,590</u>	<u>(14,305)</u>
Cash and cash equivalents at beginning of financial year	8	83,390	97,808
Effects of currency translation on cash and cash equivalents		(180)	(113)
Cash and cash equivalents at end of financial year	8	<u>127,800</u>	<u>83,390</u>

The accompanying notes form an integral part of these financial statements

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 8 Marina Boulevard #05-02 Marina Bay Financial Centre 1 Singapore 018981.

The principal activities of the Company consist of distribution and marketing of high performance liquid chromatography instruments and related consumables and services and contract manufacturing.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Waters Corporation, a company incorporated in the State of Delaware, U.S.A., which produces consolidated financial statements available for public use. The registered office of Waters Corporation where the consolidated financial statements can be obtained is as follows: 34 Maple Street, Milford, Massachusetts, United States 01757.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts. Revenue is recognised as follow:

(a) *Sale of goods*

Revenue from sale of goods is recognised when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured.

(b) *Rendering of services*

Revenue from rendering of services is recognised when the services are rendered and when collectability of the related receivables is reasonably assured.

Revenue from maintenance equipment contracts is recognised on a straight-line basis over the period of the maintenance contract. Deferred revenue relates to unearned maintenance income at the end of the financial year.

(c) *Management fees / Research and development fees*

Management and research and development fees are recognised when the services are rendered.

(d) *Interest income*

Interest income is recognised using the effective interest method.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.3 Employee compensation

(a) Defined contribution plans

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made by the Company as penalty is recognised as an expense when termination takes place.

2.5 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.6 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.7 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when 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.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Leasehold improvements	5 years
Plant and equipment	3 to 5 years
Computers	3 years
Furniture and fittings	3 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.8 Intangible assets – customer relationships

Customer relationships acquired are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Customer relationships are amortised to profit or loss using the straight-line method over their estimated useful lives of 10 years.

The amortisation period and amortisation method of intangible assets – customer relationships are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.9 Investment in a subsidiary

Investment in a subsidiary is carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investment, the difference between disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.10 Impairment of non-financial assets

Property, plant and equipment, intangible assets and investment in a subsidiary are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation and amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

**2.11 Bank balances
Trade and other receivables**

Bank balances and trade and other receivables are initially recognised at their fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.11 Bank balances

Trade and other receivables (continued)

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet which are presented as non-current assets.

2.12 Available-for-sale financial assets

Available-for-sale financial assets are initially recognised at their fair values plus transaction costs and subsequently carried at their fair values. Changes in the fair values are recognised in other comprehensive income and accumulated in the fair value reserve within equity.

These financial assets are recognised on the date which the Company commits to purchase the asset. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired. Significant or prolonged decline in the fair value of the security below its cost is objective evidence that the security is impaired.

If there is evidence of impairment, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. Impairment losses on debt securities classified as available-for-sale are reversed through profit or loss.

These financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.14 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are traded in active market are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, third-party pricing services are used.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.17 Currency translation

The financial statements are presented in United States Dollar, which is the functional currency of the Company.

Transactions in a currency other than United States Dollar ("foreign currency") are translated into United States Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.19 Dividends

Dividends to the Company's shareholder are recognised when the dividends are approved for payment.

2.20 Business combination

The acquisition method of accounting is used to account for business combination entered into by the Company.

The consideration transferred for the acquisition of a business comprises the fair value of the assets transferred and the liabilities incurred by the Company. The consideration transferred also includes any contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income taxes

The Company was granted an initial 5-year pioneer status by the Singapore Economic Development Board ("EDB"), which expired on 31 March 2011. Subsequently, the Company has been granted by EDB a 5-year extension of its pioneer status, which has expired on 31 March 2016 (Note 7). During the financial year, the Company was granted an additional 5-year extension of its pioneer status by EDB which will expire on 31 March 2021. The Company will need to meet all stipulated conditions for the extended pioneer status period within certain timelines. During the Company's pioneer status period, income derived from the Company's pioneer activities is taxed at zero rate and other income, if any, is taxed at the Singapore standard rate of income tax.

In addition, the Company has obtained a 0% withholding tax exemption on royalties paid under the Approved Royalties Incentive Scheme. This scheme exempts the Company from having to withhold tax on royalties paid and the duration of the exemption runs concurrently with the Company's pioneer status or until the expiry of license agreement, whichever is earlier.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Critical accounting estimates, assumptions and judgements (continued)

Income taxes (continued)

The Company recognises the income tax liabilities on the basis that it will qualify for the pioneer tax incentives and withholding tax exemption (Note 7). If the Company does not meet the stipulated conditions within certain timelines or if the EDB decides to revoke the benefit of 0% withholding tax exemption on royalties paid under the Approved Royalties Incentive scheme, tax adjustment may be required in the financial statements of subsequent financial years to account for potential claw back by the tax authorities on the tax differential on profits of the Company for the financial years ending 31 December 2011 to 2016 at the then prevailing tax rates for those financial years as well as the levy of 10% withholding tax on royalties paid.

4. Revenue

	2015 US\$'000	2014 US\$'000
Sale of goods	348,455	320,184
Rendering of services	3,520	2,816
	<u>351,975</u>	<u>323,000</u>

5. Other income and other losses

	2015 US\$'000	2014 US\$'000
(a) Other income		
Interest income from available-for-sale financial assets and bank deposits	2,379	1,539
Income from related corporations		
- Management fee	4,352	3,976
- Research and development fee	3,188	3,015
- Service fee	1,329	1,464
Income from a subsidiary		
- Service fee	5	-
	<u>11,253</u>	<u>9,994</u>
(b) Other losses		
Net currency exchange losses	(4,296)	(4,710)
Net loss on disposal of property, plant and equipment	(8)	(25)
Net gain on disposal of available-for-sale financial assets	7	1
	<u>(4,297)</u>	<u>(4,734)</u>

WATERS PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2015***6. Expenses**

The following expenses have been included in arriving at profit before tax:

(a) Expenses by nature

	2015 US\$'000	2014 US\$'000
Purchases of inventories	170,965	155,921
Warranty expense	877	1,005
Depreciation of property, plant and equipment (Note 13)	1,240	1,256
Amortisation of intangible assets (Note 14)	11	-
Employee compensation (Note 6(b))	5,888	5,626
Rental expense on operating leases	681	683
Royalties expense	42,433	39,332
Changes in inventories	(1,417)	(2,144)
Commission expense	4,592	4,438
Service fee	169	167
Freight expense	2,527	2,294
Other expenses	5,306	4,845
Total cost of sales, distribution and marketing costs, research and development fee and administrative expenses	<u>233,272</u>	<u>213,423</u>

(b) Employee compensation

	2015 US\$'000	2014 US\$'000
Wages and salaries	4,712	4,477
Employer's contribution to Central Provident Fund	439	421
Other benefits	737	728
	<u>5,888</u>	<u>5,626</u>

7. Income tax

The Company was granted an initial 5-year pioneer status by the Singapore Economic Development Board ("EDB"), which expired on 31 March 2011. Subsequently, the Company has been granted by EDB a 5-year extension of its pioneer status, which has expired on 31 March 2016. During the financial year, the Company was granted an additional 5-year extension of its pioneer status by EDB, which will expire on 31 March 2021. The Company will need to meet all stipulated conditions for the extended pioneer status period within certain timelines.

WATERS PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2015***7. Income tax (continued)**

During the Company's pioneer status period, income derived from the Company's pioneer activities is taxed at zero rate and other income, if any, is taxed at the Singapore standard rate of income tax.

(a) Income tax expense

	2015 US\$'000	2014 US\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	193	246
- Deferred income tax (Note 7(c))	320	194
	<u>513</u>	<u>440</u>
Under provision in prior financial years		
- Current income tax	-	33
- Deferred income tax	-	69
	<u>513</u>	<u>542</u>

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2015 US\$'000	2014 US\$'000
Profit before tax	<u>125,659</u>	<u>114,837</u>
Tax calculated at a tax rate of 17% (2014: 17%)	21,362	19,522
Effects of :		
- Income exemption under pioneer tax-incentive	(20,849)	(19,082)
Tax charge	<u>513</u>	<u>440</u>

(b) Movements in current income tax liabilities

	2015 US\$'000	2014 US\$'000
Beginning of financial year	350	303
Income tax paid	(212)	(226)
Under provision in prior financial years	-	33
Tax payable on profit for current financial year	193	246
Currency translation differences	(18)	(6)
End of financial year	<u>313</u>	<u>350</u>

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7. Income tax (continued)

(c) Deferred income taxes

	Unremitted foreign interest income <u>receivables</u> US\$'000	Fair value losses on available-for- sale financial <u>assets</u> US\$'000	Total US\$'000
2015			
Beginning of financial year	330	-	330
Tax charged/(credited) to:			
- Profit or loss (Note 7(a))	320	-	320
- Equity (Note 19)	-	(75)	(75)
Currency translation difference	(30)	-	(30)
End of financial year	620	(75)	545
2014			
Beginning of financial year	78	-	78
Tax charged to profit or loss (Note 7(a))	194	-	194
Underprovision in prior financial years	69	-	69
Currency translation difference	(11)	-	(11)
End of financial year	330	-	330

Deferred income tax liabilities to be settled from the balance sheet date are as follows:

	2015 US\$'000	2014 US\$'000
Deferred income tax liabilities		
To be settled after one year	545	330

8. Cash and cash equivalents

	2015 US\$'000	2014 US\$'000
Cash at bank and on hand	63,453	19,150
Short-term bank deposits	64,347	64,240
	127,800	83,390

Short-term bank deposits at the balance sheet date have an average maturity of 6 months (2014: 6 months) and have a weighted average effective interest rate of 0.13% per annum (2014: 0.15% per annum).

WATERS PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2015***9. Trade and other receivables**

	2015 US\$'000	2014 US\$'000
Trade receivables		
- Non-related parties	11,299	14,691
- Related corporations	154,238	137,564
	<u>165,537</u>	<u>152,255</u>
Less: Allowance for impairment of receivables		
- Non-related parties	(9)	(34)
Trade receivables - net	<u>165,528</u>	<u>152,221</u>
Non-trade receivables		
- Non-related parties	11	-
- Related corporations	7,152	4,336
Accrued interest receivable	1,494	1,448
	<u>174,185</u>	<u>158,005</u>

The non-trade receivables are unsecured, interest-free and repayable on demand.

10. Inventories

	2015 US\$'000	2014 US\$'000
Finished goods	<u>5,103</u>	<u>3,687</u>

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US\$169,548,000 (2014: US\$153,777,000).

11. Other current assets

	2015 US\$'000	2014 US\$'000
Deposits	364	509
Prepayments	123	88
	<u>487</u>	<u>597</u>

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12. Available-for-sale financial assets

	2015 US\$'000	2014 US\$'000
Beginning of financial year	421,432	348,335
Additions	553,465	480,789
Disposals	(479,213)	(407,385)
Fair value losses recognised in other comprehensive income (Note 19)	(184)	(307)
End of financial year	495,500	421,432

Available-for-sale financial assets are analysed as follows:

	2015 US\$'000	2014 US\$'000
Listed securities		
- Agency bonds and discounts	67,161	-
- Treasury bill	-	13,026
- Treasury notes	95,466	90,205
- Corporate debt securities	306,122	291,200
- Treasury liquidity funds	26,751	27,001
	495,500	421,432

13. Property, plant and equipment

	Leasehold improvements US\$'000	Plant and equipment US\$'000	Computers US\$'000	Furniture and fittings US\$'000	Total US\$'000
2015					
<u>Cost</u>					
Beginning of financial year	372	8,795	565	209	9,941
Additions	65	1,341	137	-	1,543
Disposals	-	(800)	(31)	(2)	(833)
End of financial year	437	9,336	671	207	10,651
<u>Accumulated depreciation</u>					
Beginning of financial year	286	4,393	499	185	5,363
Depreciation charge (Note 6(a))	14	1,133	78	15	1,240
Disposals	-	(413)	(31)	(2)	(446)
End of financial year	300	5,113	546	198	6,157
Net book value					
End of financial year	137	4,223	125	9	4,494

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

13. Property, plant and equipment (continued)

	<u>Leasehold improvements</u> US\$'000	<u>Plant and equipment</u> US\$'000	<u>Computers</u> US\$'000	<u>Furniture and fittings</u> US\$'000	<u>Total</u> US\$'000
2014					
<i>Cost</i>					
Beginning of financial year	334	7,638	480	247	8,699
Additions	38	2,002	85	-	2,125
Disposals	-	(845)	-	(38)	(883)
End of financial year	372	8,795	565	209	9,941
<i>Accumulated depreciation</i>					
Beginning of financial year	262	3,544	436	198	4,440
Depreciation charge (Note 6(a))	24	1,144	63	25	1,256
Disposals	-	(295)	-	(38)	(333)
End of financial year	286	4,393	499	185	5,363
Net book value					
End of financial year	86	4,402	66	24	4,578

14. Intangible assets

Customer relationships

	2015 US\$'000	2014 US\$'000
<i>Cost</i>		
Beginning of financial year	-	-
Acquisition of a business (Note 25)	648	-
End of financial year	648	-
<i>Accumulated amortisation</i>		
Beginning of financial year	-	-
Amortisation charge	11	-
End of financial year	11	-
Net book value	637	-

15. Investment in a subsidiary

	2015 US\$'000	2014 US\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	-	-
Acquisition	1,200	-
End of financial year	1,200	-

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15. Investment in a subsidiary (continued)

On 30 July 2015, the Company acquired 100% of the issued shares of Waters Analytical Instruments Sdn. Bhd. amounting to 2 Malaysian Ringgit ("MYR"). On 2 November 2015, the Company made a further contribution of 5,220,338 MYR (USD equivalent of \$1,200,000) to the capital of Waters Analytical Instruments Sdn. Bhd..

At the balance sheet date, the details of the subsidiary are as follows:

Name	Principal activities	Country of business/ incorporation	Equity holding	
			2015 %	2014 %
Waters Analytical Instruments Sdn. Bhd.	Distribution and marketing of high performance liquid chromatography instruments and related consumables and services and contract manufacturing	Malaysia	100	-

16. Trade and other payables

	2015 US\$'000	2014 US\$'000
Trade payables to:		
- Non-related parties	13,262	10,855
- Related corporations	43,536	35,665
	<u>56,798</u>	<u>46,520</u>
Non-trade payables to:		
- Related corporations	3,531	2,032
Other accruals for operating expenses	2,490	1,993
	<u>62,819</u>	<u>50,545</u>

The non-trade payables are unsecured, interest-free and repayable on demand.

17. Deferred revenue

Deferred revenue relates to unearned maintenance income.

Deferred revenue to be settled from the balance sheet date is as follows:

	2015 US\$'000	2014 US\$'000
To be recognised within one year	1,865	1,708
To be recognised after one year	833	762
	<u>2,698</u>	<u>2,470</u>

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

18. Share capital

The Company's share capital comprise fully paid-up 102 (2014: 102) ordinary shares with no par value, amounting to a total of US\$800,100 (2014: US\$800,100).

19. Fair value reserve

	2015 US\$'000	2014 US\$'000
Beginning of financial year	(253)	54
Available-for-sale financial assets		
- Fair value losses (Note 12)	(184)	(307)
- Tax on fair value changes (Note 7(c))	75	-
End of financial year	<u>(362)</u>	<u>(253)</u>

Fair value reserve is non-distributable.

20. Dividends

	2015 US\$'000	2014 US\$'000
<i>Ordinary dividends proposed and paid</i>		
Interim dividend paid in respect of current financial year of US\$nil (2014: US\$55,882) per share	-	<u>5,700</u>

21. Commitments

Operating lease commitments – where the Company is a lessee

The Company leases office space and office equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21. Commitments (continued)

Operating lease commitments – where the Company is a lessee (continued)

The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2015 US\$'000	2014 US\$'000
Not later than one year	821	740
Between one and five years	3,282	1,382
Later than five years	755	-
	<u>4,858</u>	<u>2,122</u>

22. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by control treasury department (Corporate Treasury) of the ultimate holding corporation.

Corporate Treasury measures actual exposures against the limits set and prepares regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

WATERS PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2015***22. Financial risk management (continued)****(a) Market risk****(i) *Currency risk***

The Company's business is exposed to Singapore Dollar ("SGD"), Euro ("EUR") and South-Korean Won ("KRW") as certain transactions are denominated in these currencies.

The Company's currency exposure to SGD, EUR and KRW is as follows:

	<u>SGD</u> US\$'000	<u>EUR</u> US\$'000	<u>KRW</u> US\$'000
2015			
Financial assets			
Cash and cash equivalents	6,378	-	-
Trade and other receivables	2,873	33,516	-
	<u>9,251</u>	<u>33,516</u>	<u>-</u>
Financial liabilities			
Trade and other payables	(972)	(175)	(1,234)
	<u>(972)</u>	<u>(175)</u>	<u>(1,234)</u>
Currency exposure of net financial assets/ (liabilities)	<u>8,279</u>	<u>33,341</u>	<u>(1,234)</u>
	<u>SGD</u> US\$'000	<u>EUR</u> US\$'000	<u>KRW</u> US\$'000
2014			
Financial assets			
Cash and cash equivalents	3,085	-	-
Trade and other receivables	6,627	37,070	-
	<u>9,712</u>	<u>37,070</u>	<u>-</u>
Financial liabilities			
Trade and other payables	(878)	(167)	(1,451)
	<u>(878)</u>	<u>(167)</u>	<u>(1,451)</u>
Currency exposure of net financial assets/ (liabilities)	<u>8,834</u>	<u>36,903</u>	<u>(1,451)</u>

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the SGD, EUR and KRW change against the USD by 2%, 1% and 5% (2014: 1%, 1% and 7%) respectively, with all other variables held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) profit before tax	
	2015	2014
	US\$'000	US\$'000
SGD against USD		
- strengthened	166	88
- weakened	(166)	(88)
EUR against USD		
- strengthened	333	369
- weakened	(333)	(369)
KRW against USD		
- strengthened	(62)	(102)
- weakened	62	102

(ii) *Price risk*

The Company is exposed to price risk arising from the investments classified as available-for-sale (Note 12). The management of price risk is carried out by the Corporate Treasury of the ultimate holding corporation.

As at 31 December 2015, if prices for securities increased/decreased by 1% (2014: 1%) with all other variables including tax rate being held constant, the Company's equity would have been US\$4,955,000 (2014: US\$4,214,000) higher/lower.

(iii) *Interest rate risk*

The Company has cash balances placed with reputable banks and financial institutions and available-for-sale financial assets which generate interest income for the Company. The Company manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Company has no significant financial assets or liabilities other than cash and bank balances (Note 8) and available-for-sale financial assets (Note 12) that are exposed to interest rate risks. The exposure to interest rate risk from fixed deposits placed with banks and available-for-sale financial assets is not significant.

(b) Credit risk

The Company adopts the policy of dealing only with related corporations and customers of appropriate credit standing and history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors. The Company's trade receivables include five debtors (2014: three debtors) that individually represented 5 - 12% (2014: 5 - 28%) of trade receivables at balance sheet date.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are cash and bank balances, trade and other receivables and available for sale financial assets.

(i) Financial assets that are neither past due nor impaired

Bank deposits and financial assets classified as available-for-sale are mainly deposits/securities with banks and financial institutions with high credit-ratings as determined by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

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

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Financial assets that are past due and/or impaired* (continued)

The age analysis of trade receivables that are past due but not impaired is as follows:

	2015 US\$'000	2014 US\$'000
Past due 0 to 3 months	78,750	71,932
Past due 3 to 6 months	45,890	37,828
Past due over 6 months	15	325
	<u>124,655</u>	<u>110,085</u>

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2015 US\$'000	2014 US\$'000
Gross amount	87	143
Less: Allowance for impairment	<u>(9)</u>	<u>(34)</u>
	<u>78</u>	<u>109</u>
Beginning of financial year	34	1
Allowance made	9	34
Allowance utilised	<u>(34)</u>	<u>(1)</u>
End of financial year (Note 9)	<u>9</u>	<u>34</u>

The impaired trade receivables arise mainly from sales to customers with long outstanding balances that remain unpaid as at the balance sheet date.

(c) Liquidity risk

The Company manages liquidity risk by maintaining cash and money market funds, and available funding through an adequate amount of committed credit facilities sufficient to enable it to meet its operational requirements.

The maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows are less than 1 year (2014: 1 year).

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Financial risk management (continued)

(d) Capital risk

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 optimal capital structure, the Company may issue or redeem additional equity and debt instruments when necessary.

Total capital of the Company as at 31 December 2015 is represented by "Total equity" as presented on the balance sheet.

The Company is not subject to any externally imposed capital requirements.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 2 US\$'000	Total US\$'000
As at 31 December 2015		
Available-for-sale financial assets	495,500	495,500
Total assets	495,500	495,500
As at 31 December 2014		
Available-for-sale financial assets	421,432	421,432
Total assets	421,432	421,432

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Financial risk management (continued)

(e) Fair value measurements (continued)

The fair values of the Company's available-for-sale securities are determined through market and other observable sources and have been classified as Level 2. These assets have been initially valued at the transaction price and subsequently valued, typically utilising third-party pricing services. The pricing services use many inputs to determine value, including reportable trades, benchmark yields, and credit spreads, broker/dealer quotes, current spot rates and other industry and economic events. The Company validates the prices provided by third-party pricing services by reviewing their pricing methods and obtaining market values from other pricing sources. After completing these validation procedures with satisfactory outcomes, the Company did not adjust or override any fair value measurements provided by third-party pricing services as of 31 December 2015 and 2014.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate to their fair values.

(f) Financial instruments by category

The carrying amounts of financial assets measured at fair value (available-for-sale) are as disclosed on the face of the balance sheet and in Note 12 to the financial statements.

The aggregate carrying amounts of loan and receivables and financial liabilities at amortised cost are as follows:

	2015 US\$'000	2014 US\$'000
Loans and receivables	302,349	241,904
Financial liabilities at amortised cost	62,819	50,545

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Sales and purchase of goods and services

	2015 US\$'000	2014 US\$'000
Sales to related corporations	284,269	263,849
Purchases of inventories from related corporations	53,734	50,844
Purchases of fixed assets from related corporations	946	1,897
Sales of fixed assets to related corporations	-	-
Inventories returned to related corporations	281	464
Freight expenses charged by related corporations	145	90
Freight expenses charged to related corporations	2,991	2,969
Freight expenses charged to a subsidiary	3	-
Expenses recharged by related corporations	4,343	3,974
Expenses recharged to related corporations	223	150
Expenses recharged to a subsidiary	669	-
Service income charged to a related corporation	-	36
Service fees charges by a related corporation	169	167
Commission expense charged by a related corporation	4,592	4,438
Royalties expense charged by a related corporation	42,433	39,332

Balances with related parties at the balance sheet date are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 9 and 16 respectively.

(b) Key management personnel compensation

There was no compensation paid to key management personnel of the Company as key management personnel have employment contracts with and are remunerated by the ultimate holding corporation.

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Waters Asia Limited, incorporated in the State of Delaware, U.S.A. The ultimate holding corporation is Waters Corporation, incorporated in the State of Delaware, U.S.A.

25. Business combination

On 23 October 2015, the Company acquired a portion of the business of Research Instruments Pte Ltd, a third party (the "Seller"). The principal activity of the business acquired from the seller is the distribution of Thermal Analysis ("TA") Instrument products in Singapore. As a result of the acquisition, the Company is expected to increase its presence in Singapore.

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Company, at the acquisition date, are as follows:

(a) Purchase consideration/Effect on cash flows of the Company

	US\$'000
Total purchase consideration	520
Less: Contingent consideration (Note 25(c))	(190)
Cash paid/cash outflow on acquisition	<u>330</u>

(b) Identifiable assets acquired and liabilities assumed

	At Fair Value US\$'000
Intangible assets (Note 14)	648
Inventories (Note 10)	155
Total assets	<u>803</u>
Trade and other payables	(283)
Total liabilities	<u>(283)</u>
Identifiable net assets acquired/Total purchase consideration	<u>520</u>

WATERS PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. Business combination (continued)

(c) Contingent consideration

The Company is required to pay the Seller a fixed percentage of commission for sales realised by the Company relating to sale of TA Instrument products for the period from 23 October 2015 to 30 June 2016 ("relevant period").

The fair value of the contingent consideration as at the acquisition date amounted to US\$190,000 based on estimation of sales of TA Instrument products during the relevant period per management's assessment of historical sales trend and current market potential.

(d) Revenue and profit contribution

The acquired business contributed revenue of US\$142,000 and net loss of US\$94,000 to the Company from the period from 23 October 2015 (date of acquisition) to 31 December 2015.

26. New or revised accounting standards and interpretations

The Company has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 January 2016. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption.

27. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Waters Pacific Pte. Ltd. on - 2 JUN 2016