

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES

*(Incorporated in Singapore)
(Registration Number: 200503703Z)*

FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in Singapore)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

The directors present their statement to the members together with the audited financial statements of the Group and the statement of financial position of the Company as at 31 March 2016.

We the directors of Greenlam Asia Pacific Pte.Ltd. hereby state that;

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 4 to 42 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements;
- (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; and
- (c) management is responsible for the preparation of financial statements that gives a true and fair view in accordance with the provision of the Singapore Companies Act Cap 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 unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Directors

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

Saurabh Mittal
Tham Chin Kuo

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 was 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, other than as disclosed under "Share options" in this statement.

Directors' interests in shares or debentures

- (a) 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:

<u>(No. of ordinary shares)</u>	<u>Holdings registered in name of</u> <u>director or nominee</u>		<u>Holdings in which director is</u> <u>deemed to have an interest</u>	
	<u>At 31 March</u> <u>2016</u>	<u>At 1 April 2015</u> <u>or date of</u> <u>appointment if</u> <u>later</u>	<u>At 31 March</u> <u>2016</u>	<u>At 1 April 2015</u> <u>or date of</u> <u>appointment if</u> <u>later</u>
Saurabh Mittal	-	-	3,306,534	166,710
Tham Chin Kuo	-	-	-	-

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Directors' interests in shares or debentures (continued)

<i>(No. of ordinary shares)</i>	<u>Holdings registered in name of director or nominee</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>At 31 March 2016</u>	<u>At 1 April 2015 or date of appointment if later</u>	<u>At 31 March 2016</u>	<u>At 1 April 2015 or date of appointment if later</u>
<i>Immediate and Ultimate Holding Corporation</i>				
Greenlam Industries Ltd.*	2,778,865	1,778,865*	-	-
<i>Directors having interest in immediate and ultimate holding company</i>				
Saurabh Mittal	3306534	166,710	-	-
Tham Chin Kuo	-	-	-	-

As at the date of statement of financial position, the immediate & ultimate holding company of the Company is 'Greenlam Industries Ltd', a Company incorporated in India.

*Previous year the number of shares was presented as 2,430,642 ordinary equity shares as the share capital was denominated in Singapore dollars, however current year the denomination is changed to US dollars and hence previous year information is restated accordingly.

Except as disclosed in this report, no director who held office at the end of financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

19 MAY 2016

(b) The directors' interest in the ordinary shares of the Company as at were the same as those as at 31 March 2016.

Share Options

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up un-issued shares. Further at the end of financial year, there were no un-issued shares of the Company under option.

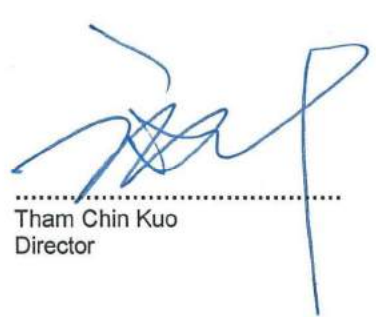
Independent Auditors

The Independent auditors, Stamford Associates LLP, Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board



.....
Saurabh Mittal
Managing Director



.....
Tham Chin Kuo
Director

SINGAPORE

Date: 19 MAY 2016



Independent Auditor's Report

To the Members of Greenlam Asia Pacific Pte. Ltd.

Registration No. 200503703Z

For the financial year ended 31 March 2016

Report on the Financial Statements

We have audited the accompanying financial statements of Greenlam Asia Pacific Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 4 to 42, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 March 2016, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial 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 gives a true and fair view in accordance with the provision of the Singapore Companies Act Cap 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 unauthorized use or disposition; and transactions are properly authorized 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 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 and of financial statements that gives 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 consolidated financial statements of the Group and the statement of financial position 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 Group and of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group 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.




STAMFORD ASSOCIATES LLP
Public Accountants and Chartered Accountants

SINGAPORE
DATE: 19th May 2016

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in Singapore)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	8	581,239	455,233	421,662	209,138
Trade and other receivables	9	10,529,021	11,608,443	9,165,312	10,931,143
Amount due from subsidiaries	5	-	-	74,287	1,257,168
Inventories	7	4,991,448	6,149,386	3,931,323	4,635,088
		<u>16,101,708</u>	<u>18,213,062</u>	<u>13,592,584</u>	<u>17,032,537</u>
<u>Non-current assets</u>					
Investment in subsidiaries	4	-	-	295,727	295,727
Property, plant and equipment	6	1,529,193	1,750,195	1,444,253	1,616,206
Goodwill	26	58,926	58,926	-	-
		<u>1,588,119</u>	<u>1,809,121</u>	<u>1,739,980</u>	<u>1,911,933</u>
Total assets		<u>17,689,827</u>	<u>20,022,183</u>	<u>15,332,564</u>	<u>18,944,470</u>
LIABILITIES					
<u>Current liabilities</u>					
Trade and other payables	11	(2,228,477)	(1,764,560)	(845,713)	(872,646)
Bank Borrowings	12	(1,535,152)	(5,964,996)	(1,535,152)	(4,864,520)
Term loans – current	14	(10,265,901)	(1,293,178)	(10,265,901)	(1,293,178)
Hire-purchase obligation	13	(15,027)	(19,505)	(15,027)	(19,505)
Provision for taxation	22	(5,666)	(20,765)	(5,666)	(11,030)
		<u>(14,050,223)</u>	<u>(9,063,004)</u>	<u>(12,667,459)</u>	<u>(7,060,879)</u>
<u>Non-current liabilities</u>					
Term loans – non current	14	(1,958,415)	(10,777,975)	(523,115)	(10,777,975)
Long term advance (related party)	5	(1,435,300)	-	-	-
Hire-purchase obligation	13	(16,710)	(31,647)	(16,710)	(31,647)
Deferred tax	21	(79,132)	(89,202)	(79,132)	(89,202)
		<u>(3,489,557)</u>	<u>(10,898,824)</u>	<u>(618,957)</u>	<u>(10,898,824)</u>
Total Liabilities		<u>(17,539,780)</u>	<u>(19,961,828)</u>	<u>(13,286,416)</u>	<u>(17,959,703)</u>
NET ASSETS		<u>150,047</u>	<u>60,355</u>	<u>2,046,148</u>	<u>984,767</u>
EQUITY & RESERVES					
<i>Capital and reserves attributable to equity holders of the Company</i>					
Share Capital	3	2,778,865	1,778,865	2,778,865	1,778,865
Currency translation reserves		57,471	(11,879)	-	-
Accumulated (losses)		(2,696,896)	(1,716,471)	(732,717)	(794,098)
		<u>139,440</u>	<u>50,515</u>	<u>2,046,148</u>	<u>984,767</u>
Non-controlling interest	4	10,607	9,840	-	-
Total Equity & reserves		<u>150,047</u>	<u>60,355</u>	<u>2,046,148</u>	<u>984,767</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in Singapore)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Financial Year Ended 31 March 2016

	Note	<u>GROUP</u>		<u>COMPANY</u>	
		<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Revenue	15	34,187,344	34,360,386	29,856,407	30,927,153
Less: Cost of sales	16	(25,857,020)	(25,867,487)	(23,744,374)	(25,012,988)
Gross profit		8,330,324	8,492,899	6,112,033	5,914,165
Add: Other income	17	97,920	81,421	212,961	240,050
		8,428,244	8,574,320	6,324,994	6,154,215
<i>Less: Indirect Expenses</i>					
Depreciation	6	(309,559)	(315,027)	(252,769)	(248,197)
Employee benefits expenses	18	(4,577,259)	(4,796,091)	(2,858,834)	(2,897,766)
Other admin expenses	19	(3,892,915)	(4,239,874)	(2,573,063)	(3,010,473)
Finance costs	20	(623,001)	(502,183)	(581,867)	(487,776)
		(9,402,734)	(9,853,175)	(6,266,533)	(6,644,212)
Total Profit/ (Loss) before income tax		(974,490)	(1,278,855)	58,461	(489,997)
Deferred Tax expense	21	10,070	1,395	10,070	1,395
Income tax expense	22	(15,155)	(39,383)	(7,150)	(18,737)
Profit/ (loss) after tax		(979,575)	(1,316,843)	61,381	(507,339)
Profit from discontinued operations		-	-	-	-
Total Profit/ (Loss)		(979,575)	(1,316,843)	61,381	(507,339)
<i>Other comprehensive income / (loss) :</i>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Impairment of investment in subsidiary		-	-	-	(280,054)
Effect of currency translation on consolidation		53,665	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Other comprehensive income/(loss), net of tax		53,665	-	-	(280,054)
Total Comprehensive Income/ (Loss)		(925,910)	(1,316,843)	61,381	(787,393)
Profit/ (Loss) attributable to :					
Equity holders of the Company		(980,425)	(1,318,169)	61,381	(787,393)
Non-controlling interest		850	1,326	-	-
		(979,575)	(1,316,843)	61,381	(787,393)
Total Comprehensive Income/(Loss) attributable to :					
Equity holders of the Company		(926,760)	(1,318,169)	61,381	(787,393)
Non-controlling interest		850	1,326	-	-
		(925,910)	(1,316,843)	61,381	(787,393)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in Singapore)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Financial Year Ended 31 March 2016

GROUP	Attributable to equity holders of the Company			Total US\$	Non- controlling interests US\$	Total Equity & reserves US\$
	Share Capital US\$	Currency translation reserve US\$	Accumulated (Losses) US\$			
Balance as at						
31 March 2014	1,932,608	(35,973)	(507,100)	1,389,535	8,035	1,397,570
Currency Translation						
Reserve	-	21,229	-	21,229	479	21,708
Total comprehensive						
income	-	-	(1,318,916)	(1,318,916)	2,073	(1,316,843)
Balance as at 31	1,932,608	(14,744)	(1,826,016)	91,848	10,587	102,435
March 2015						
Translation effect on						
restatement	(153,743)	2,865	109,545	(41,333)	(747)	(42,080)
Restated balance	1,778,865	(11,879)	(1,716,471)	50,515	9,840	60,355
Issuance of share capital	1,000,000	-	-	1,000,000	-	1,000,000
Currency Translation						
Reserve	-	69,350	-	69,350	(83)	69,267
Total comprehensive						
(loss) for the year	-	-	(980,425)	(980,425)	850	(979,575)
Balance as at	2,778,865	57,471	(2,696,896)	139,440	10,607	150,047
31 March 2016						

COMPANY	Attributable to equity holders of the Company		
	Share Capital US\$	Retained earnings/ (Accumulated Loss) US\$	Total Equity US\$
Balance as at 1 April 2014	1,778,865	(52,172)	1,726,693
Total comprehensive (loss)	-	(787,393)	(787,393)
Effect of currency translation on restatement	-	45,467	45,467
Balance as at 31 March 2015	1,778,865	(794,098)	984,767
Issuance of share capital	1,000,000	-	1,000,000
Total comprehensive income/ (loss)	-	61,381	61,381
Balance as at 31 March 2016	2,778,865	(732,717)	2,046,148

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in Singapore)

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2016

	Note	GROUP		COMPANY	
		2016 US\$	2015 US\$	2016 US\$	2015 US\$
<u>Cash flows from operating activities</u>					
Total (loss) / profit before tax		(974,490)	(1,278,855)	58,461	(489,997)
Adjustments for:					
- Depreciation expense	6	309,559	315,027	252,769	248,196
- Translation diff. on fixed assets		3,510	-	-	-
- Translation diff. on consolidation		69,267	21,708	-	-
- Interest paid	20	623,001	502,183	581,867	487,776
		30,847	(439,937)	893,097	245,975
Change in working capital, net of effects from acquisition and disposal of subsidiaries:					
- Inventories	7	1,157,938	187,100	703,765	158,442
- Trade and other receivables	9	1,079,422	(2,555,509)	1,765,830	(2,320,114)
- Amount due from/ (to) related parties	5	1,435,300	-	1,182,880	(917,813)
- Trade and other payables	11	463,919	(4,793,827)	(26,930)	(3,816,283)
		4,136,579	(7,162,236)	3,625,545	(6,895,768)
Cash used in operations		4,167,426	(7,602,173)	4,518,642	(6,649,793)
Income tax paid / (refund)	22	(30,256)	(25,505)	(12,514)	(12,646)
Net cash used in operating activities		4,137,170	(7,627,678)	4,506,128	(6,662,439)
<u>Cash flows from investing activities</u>					
Investment in subsidiary	4	-	-	-	-
Investment in non-controlling interest	4	-	-	-	-
Additions to fixed assets	6	(92,067)	(95,395)	(80,817)	(94,085)
Net cash (used) in investing activities		(92,067)	(95,395)	(80,817)	(94,085)
		4,045,103	(7,723,073)	4,425,311	(6,756,524)
<u>Cash flows from financing activities</u>					
Proceeds from issuance of shares	3	1,000,000	-	1,000,000	-
Bank fixed deposits (pledged)		-	4,909	-	4,909
Proceeds from borrowings	12	(4,429,844)	(2,121,976)	(3,329,368)	(3,216,982)
Proceeds / (repayment) of term loan	14	153,163	10,577,374	(1,282,137)	10,577,374
Repayment of finance lease liabilities	13	(19,415)	(19,504)	(19,415)	(19,504)
Interest expenses	20	(623,001)	(502,182)	(581,867)	(487,776)
Net cash (used) in / provided by financing activities		(3,919,097)	7,938,621	(4,212,787)	6,858,021
		126,006	215,548	212,524	101,497
Net increase in cash and cash equivalents					
Effect of currency translation on restatement		-	34,231	-	4,482
Cash and cash equivalents at beginning of the financial year		455,233	205,454	209,138	103,159
Cash and cash equivalents at end of the financial year	8	581,239	455,233	421,662	209,138

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

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

1. General information

Greenlam Asia Pacific Pte. Ltd. (the "Company") [Regn.no.200503703Z] is a company incorporated and domiciled in Singapore. The address of its registered office is 11 Sungei Kadut Crescent Singapore 728683.

The principal activities of the Group and Company are the wholesale of decorative laminates, sawn timber, plywood and related products. There have been no significant changes in the nature of these activities during the financial year.

As at the date of financial position, the immediate & ultimate holding company of the Company is Greenlam Industries Ltd, a Company incorporated in India.

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 financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group'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 assumptions and estimates are significant to the financial statements are disclosed in accounting policies and notes.

Interpretations and amendments to published standards effective in 2015

On 1 April 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group'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 accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

The following are the new or amended standards and interpretations effective for annual periods beginning on or after 1 July 2014:

- *Amendments to FRS 19 (R) Employee Benefits (Defined benefit plans: Employee Contributions)*
- *FRS 102 Share-Based Payment (Definition of vesting condition)*
- *FRS 103 Business Combinations (Accounting for contingent consideration in a business combination)*
- *FRS 16 Property, Plant and Equipment and FRS 38 Intangible assets (Revaluation method - proportionate restatement of accumulated depreciation)*
- *FRS 24 Related Party Disclosures (Key management personnel)*
- *FRS 103 Business Combinations (Scope exceptions for joint ventures)*
- *FRS 113 Fair Value Measurement (Scope of portfolio exception)*
- *FRS 40 Investment property (Clarifying interrelationship between FRS 103 and FRS 40 when classifying property as investment property or owner-occupied property)*

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2016

2. Significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods - Decorative laminates, sawn timber, plywood, etc.

Revenue from local sales is recognized when the Group has delivered the goods and accepted by the customers. Revenue from overseas sales is recognized when the Group has shipped the goods and bill of lading is issued by the carrier. These goods are sold to certain customers with volume discount and the customers also have the right to return faulty goods. Revenue from these sales is recorded based on the contracted price less the estimated volume discount and returns at the time of sale. Past experience and projections are used to estimate the anticipated volume of sales and returns.

(b) Rendering of service

Revenue from services is recognized when the services are rendered. Where services are provided in stages, revenue is recognized using the percentage of-completion method based on the actual service provided as a proportion of the total services to be performed.

(c) Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognized using the effective interest method.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

(e) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognized on a straight-line basis over the lease term.

2.3 Government grants

Grants from the government are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2. Significant accounting policies (continued)

2.4 Group accounting (cont'd)

(a) Subsidiaries (cont'd)

(i) Consolidation (cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealized gains on transactions between group entities are eliminated. Unrealized losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

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

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognized. Amounts previously recognized in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognized in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognized within equity attributable to the equity holders of the Company.

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2. Significant accounting policies (continued)

2.4 Group accounting (cont'd)

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognized at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognized in profit or loss and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognize further losses, unless it has obligations to make or has made payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealized losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognized when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognized in profit or loss.

2.5 Property, plant and equipment

(a) Measurement

(i) Land and Buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

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2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(a) Measurement (continued)

(i) Land and Buildings (cont'd)

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Component of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is 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. Cost also includes borrowing costs that are directly attributable to the acquisition.

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Furniture & fittings	3 years	Office Equipment	3 years
Computers	3 years	Laminates Rakes	8 years
Motor Vehicles	3-6 years	Renovation	15 years
Machineries	3-8 years		
Leasehold building	15 years (remaining useful life: 09 years)		

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

(c) Subsequent expenditure

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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognized in profit or loss within "Other gains/losses – net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

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2. Significant accounting policies (continued)

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2010. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) Acquired trademarks and licenses (continued)

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 5 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2.7 Investment in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.9 Impairment of non- financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

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2. Significant accounting policies (continued)

2.9 Impairment of non- financial assets (cont'd)

(b) Intangible assets, Property, plant and equipment, Investments in subsidiaries, associated companies and joint ventures

Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets.

If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed 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 any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to maturity, re-evaluates this designation at each statement of financial position date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the statement of financial position date.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(a) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realized later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 10) on the statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

(b) Recognition & Derecognition

Regular way purchases and sales of financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset.

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

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognized at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to-maturity financial assets are subsequently carried at amortized cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognized in profit or loss when the changes arise.

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2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(d) Subsequent measurement (cont'd)

Interest and dividend income on available-for-sale financial assets are recognized separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analyzed into currency translation differences on the amortized cost of the securities and other changes; the currency translation differences are recognized in profit or loss and the other changes are recognized in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognized in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

(i) Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortized cost had no impairment been recognized in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10 (e) (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired. If any evidence of impairment exists, the cumulative loss that was previously recognized in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortization) and the current fair value, less any impairment loss previously recognized as an expense. The impairment losses recognized as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.11 Financial liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognized on the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income and expenditures statement when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired.

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NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2016

2. Significant accounting policies (continued)

2.12 Financial guarantees

As and when the subsidiary company requires, the Company may issue corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Financial guarantees are initially recognized at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortized to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortized amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognized at fair value (net of transaction costs) and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Redeemable preference shares

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognized as finance expenses.

2.14 Leases

(a) When the Group is the lessee:

The Group leases land, motor vehicles and certain plant and machinery under finance leases and land, factories and warehouses under operating leases.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognized on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognized in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognized in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognized as an expense in profit or loss when incurred.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

2.14 Leases (continued)

(b) When the Group is the lessor:

(i) Lessor – Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognized and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognized on the statement of financial position and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognized in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

(ii) Lessor – Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognized in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognized as income in profit or loss when earned.

2.15 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognized 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 statement of financial position date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

2.16 Income taxes (cont'd)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.17 Provisions

Provisions are recognised when the Group / Company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

2.18 Employee Compensation

Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

2.19 Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional and presentation currency is United States Dollars which is the currency of primary economic environment of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation 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 statement of financial position date are recognized in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognized in other comprehensive income and accumulated in the currency translation reserve.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

2.20 Currency Translation (continued)

(b) Transactions and balances (continued)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognized in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.21 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.23 Trade and other receivables

Trade receivables and other receivables are classified and accounted for as loans and receivables under *FRS 39 Financial Instruments: Recognition and Measurement (FRS 39)*. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognized in the income and expenditure statement.

2.24 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group 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 recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

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2. Significant accounting policies (continued)

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

3. Share capital

	Group and Company	
	Issued share capital	
	<u>No. of ordinary shares</u>	<u>Amount US\$</u>
<u>As at 31 March 2016</u>		
Beginning of the financial year	1,778,865	1,778,865
Shares issued during the year	1,000,000	1,000,000
End of the financial year	<u>2,778,865</u>	<u>2,778,865</u>
<u>As at 31 March 2015</u>		
Beginning of the financial year*	*1,778,865	1,778,865
Shares issued during the year	-	-
End of the financial year	<u>1,778,865</u>	<u>1,778,865</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and a right to receive dividends as and when declared by the Company. The Company is not exposed to any externally imposed capital requirements and there are no restrictions to issue shares.

*During the year, the Company has rearranged the 2,430,642 Ordinary shares previously issued for SGD(\$) 2,430,642/- to the ordinary shares of 1,778,865 for USD(\$)1,778,865/- vide Board resolution dated 14th December 2015 and resolved that this re-arrangement will not result in any reduction of Share Capital.

4. Investment in Subsidiaries

	Company	
	<u>2016 US\$</u>	<u>2015 US\$</u>
<u>Equity Investment – At cost</u>	<u>561,086</u>	<u>561,086</u>
<u>Movements in investments :</u>		
Beginning of the financial year	295,727	561,086
Acquisition during the year	-	-
Disposals during the year	-	-
Impairment loss during the year	-	(265,359)
End of the financial year	<u>295,727</u>	<u>295,727</u>

*Impairment of investment in subsidiary is due to 'net liabilities' position of one of the subsidiaries namely 'Greenlam Europe (UK) Ltd.' as at the date of financial position of previous financial year.

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4. Investment in Subsidiaries (continued)

4.1 Details of investment in subsidiaries held by the Company

The Group had the following subsidiaries as at 31 March 2016 and 2015:

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country</u>	<u>Cost of investment</u>		<u>Equity holding</u>	
			<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> %	<u>2015</u> %
Greenlam Asia Pacific (Thailand) Company Limited (GAPT)*	Wholesale of sawn timber, plywood, decorative laminates and related products	Thailand	57,872	57,872	97.5	97.5
Greenlam Holding Company Limited -Thailand (GHT)*	Investment holdings	Thailand	15,394	15,394	99	99
PT Greenlam Asia Pacific - Indonesia **	Cutting of laminate sheets, making catalogues and cutting of laminates into samples	Indonesia	222,462	222,462	99	99
Greenlam Europe (UK) Ltd ***	Wholesale of decorative laminates	Europe	265,358	265,358	100	100
			561,086	561,086		

*Audited by Luck CPA Co. Ltd., Bangkok, Thailand.

**Not required to be audited under the laws of the country of incorporation.

***Audited by CURO Professional Services Limited, Bromsgrove, U.K.

**The Indonesian subsidiary was mainly incorporated to produce sales and marketing catalogues at low costs. It is only a cost center and not generating revenue from third parties. The Indonesian subsidiary did not audit their financial statements as they are not required to do so as per local Indonesian regulations. There is no material impairment on Investment in Indonesian subsidiary. The unaudited financials of Indonesian subsidiary do not have any material impact on the Group and holding Company in Singapore.

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4. Investment in Subsidiaries (continued)

4.2 *Non-controlling interests:*

Subsidiary (shareholding %)	NCI (%)	NCI Share (US\$)			
		As at 01/04/15	Current year profit / (loss) share	Translation difference	As at 31/03/16
Greenlam Asia Pacific (Thailand) Co. Ltd. (97.5%)	2.5%	7,106	511	(99)	7,518
Greenlam Holding Company Limited (99%)	1%	171	(24)	1	148
PT Greenlam Asia Pacific – Indonesia (99%)	1%	2,563	372	6	2,941
Grenlam Europe UK Ltd. (100%)	-	-	-	-	-
TOTAL NCI SHARE (US\$)		9,840	859	(92)	10,607

5. Amount due from / (to) related parties

	<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$
<u>Current</u>		
Amount due from subsidiary (Non-trade)	74,287	1,257,168
	74,287	1,257,168
	<u>Group</u>	
	<u>2016</u> US\$	<u>2015</u> US\$
<u>Non-current</u>		
Amount due (to) ultimate holding company (Non-trade loan)	(1,435,300)	-
	(1,435,300)	-

The amount due from subsidiary is non-trade, unsecured, interest free and repayable on demand. The amount due from subsidiary approximates its fair value and is denominated in US dollars.

The amount due to ultimate holding company is non-trade, unsecured and not payable until the end of next financial year. The said loan bears an interest rate of 12 month GBP LIBOR + 400 basis points. The amount due to related party approximates its fair value and is denominated in Great Britain Pounds.

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6. Property, plant and equipment

<u>Group</u>	<u>Computers</u> US\$	<u>Leasehold Building**</u> US\$	<u>Machineries</u> US\$	<u>Renovation</u> US\$	<u>Furniture & fittings</u> US\$	<u>Laminates rakes</u> US\$	<u>Office equipment</u> US\$	<u>Motor vehicles*</u> US\$	<u>Total</u> US\$
As at 31 March 2016									
Cost									
# Beginning of financial year (NBV)	81,059	1,043,017	48,793	386,922	69,204	42,676	46,791	31,733	1,750,195
Additions	3,819	-	33,097	-	17,175	697	37,279	-	92,067
Disposals	-	-	-	-	-	-	-	-	-
End of financial year	84,878	1,043,017	81,890	386,922	86,379	43,373	84,070	31,733	1,842,262
Accumulated depreciation									
Beginning of financial year	-	-	-	-	-	-	-	-	-
Depreciation charge	34,365	112,800	20,712	43,423	35,086	11,527	36,400	15,246	309,559
Disposals	-	-	-	-	-	-	-	-	-
End of financial year	34,365	112,800	20,712	43,423	35,086	11,527	36,400	15,246	309,559
Currency Translation Differences	(725)	-	(706)	(150)	(1,378)	-	(439)	(112)	(3,510)
Net book value	49,788	930,217	60,472	343,349	49,915	31,846	47,231	16,375	1,529,193

The Group and company has changed its functional and presentation currency to US Dollars from Singapore Dollars w.e.f. 1st April 2015, as a result the opening balances of NBV are translated to US Dollars at the prevailing exchange rates and presented here.

*Motor Vehicles with NBV of US\$11,614 (2015: US\$25,772) included in above balance was bought under hire purchase (Note 13).

**Leasehold building is mortgaged to a bank against bank loan & facilities (Note: 14).

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6. Property, plant and equipment (continued)

<u>Company</u>	<u>Computers</u> US\$	<u>Leasehold Building**</u> US\$	<u>Machineries</u> US\$	<u>Renovation</u> US\$	<u>Furniture & fittings</u> US\$	<u>Laminates rakes</u> US\$	<u>Office equipment</u> US\$	<u>Motor vehicles*</u> US\$	<u>Total</u> US\$
As at 31 March 2016									
Cost									
# Beginning of financial year (NBV)	69,900	1,043,017	-	379,192	24,476	42,676	31,172	25,772	1,616,205
Additions	3,819	-	22,419	-	17,175	697	36,707	-	80,817
Disposals	-	-	-	-	-	-	-	-	-
End of financial year	<u>73,719</u>	<u>1,043,017</u>	<u>22,419</u>	<u>379,192</u>	<u>41,651</u>	<u>43,373</u>	<u>67,879</u>	<u>25,772</u>	<u>1,697,022</u>
Accumulated depreciation									
Beginning of financial year	-	-	-	-	-	-	-	-	-
Depreciation charge	28,911	112,800	1,449	41,010	15,582	11,527	27,332	14,158	252,769
Disposals	-	-	-	-	-	-	-	-	-
End of financial year	<u>28,911</u>	<u>112,800</u>	<u>1,449</u>	<u>41,010</u>	<u>15,582</u>	<u>11,527</u>	<u>27,332</u>	<u>14,158</u>	<u>252,769</u>
Net book value									
End of financial year	<u>44,808</u>	<u>930,217</u>	<u>20,970</u>	<u>338,182</u>	<u>26,069</u>	<u>31,846</u>	<u>40,547</u>	<u>11,614</u>	<u>1,444,253</u>

The Group and company has changed its functional and presentation currency to US Dollars from Singapore Dollars w.e.f. 1st April 2015, as a result the opening balances of NBV are translated to US Dollars at the prevailing exchange rates and presented here.

*Motor Vehicles with NBV of US\$11,614 (2015: US\$25,772) was bought under hire purchase (Note 13).

**Leasehold building is mortgaged to a bank against bank loan & facilities (Note: 14).

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7. Inventories

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Finished goods	4,519,703	5,678,483	3,663,623	4,265,039
Goods-in-transit	471,745	470,903	267,700	370,049
	<u>4,991,448</u>	<u>6,149,386</u>	<u>3,931,323</u>	<u>4,635,088</u>

Inventories are valued at lower of the weighted average cost and net realisable value and approximate its fair value as on the date of statement of financial position.

8. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Cash in hand	7,748	6,861	1,094	878
Cash at bank	573,491	448,372	420,568	208,260
	<u>581,239</u>	<u>455,233</u>	<u>421,662</u>	<u>209,138</u>

The cash and cash equivalents approximate its fair value as on the statement of financial position date and are denominated in the following currencies:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
US Dollars	234,051	117,188	234,051	117,135
Singapore dollars	74,544	46,800	70,929	44,052
HK dollars	4,241	3,200	4,241	3,200
Taiwan Dollars	26,713	33,722	26,713	33,722
Malaysian Ringitt	85,728	11,029	85,728	11,029
Thailand Baht	49,688	126,861	-	-
Indonesian Rupiah	3,392	661	-	-
Great Britain Pound	98,488	110,487	-	-
Euros	4,394	5,285	-	-
	<u>581,239</u>	<u>455,233</u>	<u>421,662</u>	<u>209,138</u>

9. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Trade receivables (Note 10 A)	7,543,745	9,225,037	6,341,034	8,680,255
Other receivables (Note 10 B)	2,985,276	2,383,406	2,824,278	2,250,888
	<u>10,529,021</u>	<u>11,608,443</u>	<u>9,165,312</u>	<u>10,931,143</u>

Trade & other receivables approximate its fair value as on the statement of financial position date. The credit period of trade and other receivables is 30-180 days.

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10 A. Trade receivables

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Trade debtors:				
- Third parties	7,543,745	9,225,037	3,965,347	5,850,745
- Related parties (subsidiaries)	-	-	2,375,687	2,829,510
	<u>7,543,745</u>	<u>9,225,037</u>	<u>6,341,034</u>	<u>8,680,255</u>
Less:- Provision for doubtful debts	-	-	-	-
Current year provision	-	-	-	-
Balance at 31 March	<u>7,543,745</u>	<u>9,225,037</u>	<u>6,341,034</u>	<u>8,680,255</u>

The trade debtors are denominated in the following currencies:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
United States Dollars	4,836,135	7,327,769	4,544,110	7,036,627
Singapore dollars	1,480,753	1,137,145	1,480,753	1,137,145
Hong Kong Dollars	68,562	185,699	68,562	185,699
Malaysian Ringitt	133,574	230,473	133,574	230,473
Taiwan Dollars	114,035	90,311	114,035	90,311
Thailand Baht	-	-	-	-
Great Britain Pound	910,686	253,640	-	-
	<u>7,543,745</u>	<u>9,225,037</u>	<u>6,341,034</u>	<u>8,680,255</u>

10 B. Other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Deposits:				
- Rental	36,611	45,485	19,709	28,282
- Others	63,766	103,288	50,581	89,608
Prepayments	527,257	424,397	465,221	369,328
Advances:				
- Staff advances	8,934	25,257	8,279	20,560
- Deposit to vendors	2,260,874	1,686,174	2,225,129	1,684,972
GST receivables	79,224	98,542	55,359	58,138
Others	8,610	263	-	-
	<u>2,985,276</u>	<u>2,383,406</u>	<u>2,824,278</u>	<u>2,250,888</u>

The other debtors are denominated in the following currencies:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
United States Dollars	2,370,704	2,087,792	2,370,704	2,087,792
Singapore dollars	453,008	83,087	443,809	73,990
Hong Kong Dollars	96	29,248	96	29,248
Taiwan Dollars	6,054	51,849	6,054	51,849
Thailand Baht	119,861	75,685	782	-
Great Britain Pound	32,720	46,427	-	-
Others	2,833	9,318	2,833	8,009
	<u>2,985,276</u>	<u>2,383,406</u>	<u>2,824,278</u>	<u>2,250,888</u>

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11. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Trade payables (Note 11 A)	1,648,864	1,032,392	673,929	585,873
Other payables (Note 11 B)	579,613	732,167	171,784	286,773
	<u>2,228,477</u>	<u>1,764,560</u>	<u>845,713</u>	<u>872,646</u>

The credit period of trade and other payables is 30 - 180 days. The trade and other payables approximate its fair value as on the Statement of Financial Position date.

The trade and other payables are denominated in the following currencies:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
US Dollars	574,770	492,418	574,770	492,418
Singapore dollars	73,300	230,796	269,470	374,339
Euro	-	590,064	-	-
Australian Dollars	-	480	-	480
Thailand Baht	223,669	251,805	-	-
Indonesian rupiah	5,928	5,462	-	-
Malaysian Ringitt	-	2,872	-	2,872
Hong Kong Dollars	196	2,537	196	2,537
Taiwan dollars	1,277	-	1,277	-
Great Britain Pound	1,349,337	188,126	-	-
	<u>2,228,477</u>	<u>1,764,560</u>	<u>845,713</u>	<u>872,646</u>

11 A. Trade payables

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Trade creditors:				
- Ultimate Holding company	1,648,864	949,963	473,674	359,901
- Related parties	-	82,429	200,255	225,972
Balance at 31 March	<u>1,648,864</u>	<u>1,032,392</u>	<u>673,929</u>	<u>585,873</u>

11 B. Other payables

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Accrued expenses	32,647	331,239	-	64,994
Advances received from customers	20,155	26,868	20,155	26,868
Payables to staff	4,256	10,588	4,085	10,424
Other creditors	520,981	363,472	147,544	184,487
Interest payable (ultimate holding co.)	1,574	-	-	-
	<u>579,613</u>	<u>732,167</u>	<u>171,784</u>	<u>286,773</u>

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12. Bank Borrowings

<u>Current:</u>	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Short term trade facilities* (including TR/LC/FBP etc.)	1,535,152	5,964,996	1,535,152	4,864,520
	<u>1,535,152</u>	<u>5,964,996</u>	<u>1,535,152</u>	<u>4,864,520</u>

The bank overdraft bears an interest rate at 1.5% p.a. above the PLR (Prime Lending Rate) (2015: 1.5 %).

*The rate of interest payable on Bills –TR/ LC-DP to bank is COF plus 2.75% (2015: 2.75%) p.a. The Bank COF interest rate in 31 March 2016 was 0.6536% (2015: 0.445%). The other bank borrowings FBN (foreign bills negotiation), FBP (foreign bills purchased) bear interest rate at Cost of Fund (COF) plus 2.5% (2015: 2.5 %) p.a. The rate of interest payable on SBLC backed borrowing is COF plus 1% p.a. (2015: 1%).

The above bank borrowings are secured against the following:-

- Corporate guarantee given by a related party
- First exclusive charge on all assets and accounts of the Company, and 10% cash margin for the LC facility
- Credit Facilities for the Long-term Working Capital requirements of the business was taken against the SBLC given by the ultimate holding company for an amount of US\$1,000,000/-.

The Bills Payables LC-DP/TR is secured by bank lien over all the assets of the Company for which a charge has been duly registered.

The bank borrowings approximate its fair value as at the statement of financial position date and are denominated in the following currencies:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
US Dollars	1,535,152	4,864,521	1,535,152	4,864,520
Euros	-	1,100,475	-	-
	<u>1,535,152</u>	<u>5,964,996</u>	<u>1,535,152</u>	<u>4,864,520</u>

13. Hire purchase obligation

As at 31 March, the Group and Company had the following outstanding obligation in respect of Hire Purchase loan as follows: -

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
*Hire purchase obligation	38,353	61,811	38,353	61,811
Interest on hire-purchase	(6,616)	(10,659)	(6,616)	(10,659)
	<u>31,737</u>	<u>51,152</u>	<u>31,737</u>	<u>51,152</u>

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13. Hire purchase obligation (cont'd)

The maturity period of above hire purchase loan is as below:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Payable within one year	15,027	19,505	15,027	19,505
Payable after one year	16,710	31,647	16,710	31,647
	<u>31,737</u>	<u>51,152</u>	<u>31,737</u>	<u>51,152</u>

The fixed interest rate applicable for above loan is 2.99% p.a. and effective interest rate is 5.6988% p.a.

The outstanding interest payable within one year is US\$ 3,186/- (2015: US\$4,111/-) and payable after one year is US\$3,430 /- (2015: US\$6,548/-).

The Hire Purchase obligation approximates its fair value as at the statement of financial position date and is denominated in Singapore Dollars.

14. Term loans

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Commercial Property loan	-	54,698	-	54,698
Long term working capital loan	2,191,677	987,196	756,377	987,196
Short term money market facility	10,032,639	11,029,259	10,032,639	11,029,259
	<u>12,224,316</u>	<u>12,071,153</u>	<u>10,789,016</u>	<u>12,071,153</u>

The maturity period of above term loans is as below:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Payable within one year	10,265,901	1,293,178	10,265,901	1,293,178
Payable after one year	1,958,415	10,777,975	523,115	10,777,975
	<u>12,224,316</u>	<u>12,071,153</u>	<u>10,789,016</u>	<u>12,071,153</u>

The commercial property loan carries interest rate of 2.48% p.a. The long-term working capital loan carries interest rate of 3 months COF + 2.5% p.a. and will be charged at CFR + 0.75% thereafter. Current CFR is 4.5%. The short term money market facility is fixed for a term of 2 years and will mature in June 2016. The interest rate on this facility is of L+3.25% p.a.

The term loans approximate its fair value and are denominated in following currencies:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
US dollars	10,032,639	1,293,178	10,032,639	11,029,259
Singapore dollars	756,377	10,777,975	756,377	1,041,894
Great Britain Pounds	1,435,300	-	-	-
	<u>12,224,316</u>	<u>12,071,153</u>	<u>10,789,016</u>	<u>12,071,153</u>

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14. Term loans (cont'd)

The above term loans are secured against property at 11 Sungei Kadut Crescent, Singapore 728683; Corporate Guarantee given by ultimate holding Company 'Greenlam Industries Ltd.', India, whose net worth as per latest available published accounts as at 31 March 2015 was US\$36.6 million (INR 2,270.5 million).

15. Revenue

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Sale of goods	34,187,344	34,360,386	29,856,407	30,927,153

Revenue represents the invoiced value net of discount for sales/services rendered during the financial year and recognized at the point when risks and rewards of the ownership of goods are transferred to buyer.

16. Cost of sales

The cost of sales comprise of the following:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Cost of sales (change in inventory, purchases, freight & other incidental costs)	25,857,020	25,867,487	23,744,374	25,012,988

17. Other income

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Miscellaneous income	8,082	-	67,622	120,832
Government grants	79,521	64,733	79,521	64,733
Interest income	10,317	431	65,818	38,228
Rental income	-	16,257	-	16,257
	<u>97,920</u>	<u>81,421</u>	<u>212,961</u>	<u>240,050</u>

18. Employee benefit expenses

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Wages and salaries	3,628,193	3,922,156	2,323,552	2,434,907
Employer's contribution to defined contribution plans	230,765	196,209	159,022	130,343
Other benefits	718,301	677,726	376,260	332,516
	<u>4,577,259</u>	<u>4,796,091</u>	<u>2,858,834</u>	<u>2,897,766</u>

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18. Employee Benefits Expenses (cont'd)

The key management personnel comprise of the director and chief operating officer of the Group & Company. The key management personnel compensation *recognized* within staff costs are as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
<u>Wages and salaries:</u>				
- Directors	-	-	-	-
- Chief Operating Officer/Country Head	467,154	606,013	213,513	169,267
<u>Employer's contribution to defined contribution plans:</u>				
- Directors	-	-	-	-
- Chief Operating Officer/Country Head	18,187	32,568	11,363	9,993
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	<u>485,341</u>	<u>638,581</u>	<u>224,876</u>	<u>179,260</u>

19. Other admin expenses

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Rates & Taxes	85,741	75,180	23,849	25,657
Insurance charges	22,883	26,649	10,384	14,437
Printing & Stationery	26,739	31,472	13,908	19,668
Postage & Telephone	120,745	132,232	73,548	93,656
Travelling expenses	234,728	373,317	174,961	267,562
Conveyance	230,424	225,964	80,368	85,320
Electricity	52,096	55,771	17,511	21,760
Legal & professional fees	334,218	333,802	38,751	30,400
Vehicle expenses	28,716	35,577	28,716	35,577
Commission	53,280	59,618	53,280	59,618
Membership fee	680	622	680	622
Bank charges	363,875	307,424	355,859	298,478
Auditors remuneration	42,718	39,329	31,819	31,280
Sales promotion expenses	1,297,514	1,549,700	1,105,223	1,051,676
Repairs & maintenance	53,696	29,892	35,923	14,932
General expenses	54,164	56,442	21,074	25,756
Rebates & claims	205,058	94,120	159,210	89,058
Retainer Fees	16,558	15,628	16,558	15,628
Testing Fee	-	9,340	-	9,340
Rent	445,578	442,451	299,840	328,416
License Fee	5,644	8,472	-	-
Bad Debts	34,741	121	-	-
Non-deductible expense	1,499	1,444	-	-
Custom's Duty	1,133	4,550	-	-
Unrealised forex loss/ (gain)	35,155	355,965	(67,081)	517,416
Realised forex loss/ (gain)	145,332	(25,208)	98,682	(25,784)
	<u>3,892,915</u>	<u>4,239,874</u>	<u>2,573,063</u>	<u>3,010,473</u>

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20. Finance expenses

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
<u>Interest expense:</u>				
- Bank borrowings	622,762	497,188	581,628	482,781
- Property loan	239	4,995	239	4,995
	<u>623,001</u>	<u>502,183</u>	<u>581,867</u>	<u>487,776</u>

21. Deferred taxation

Movement in deferred income tax account is as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Balance as at 1 April	89,202	90,524	89,202	90,524
Current year provision / (reversal)	(10,070)	(1,322)	(10,070)	(1,322)
Balance at 31 March	<u>79,132</u>	<u>89,202</u>	<u>79,132</u>	<u>89,202</u>

22. Income taxes

(a) Income tax expense

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate are as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Profit/(Loss) before tax	<u>(974,490)</u>	<u>(1,278,855)</u>	<u>58,461</u>	<u>(489,997)</u>
Tax calculated at 17% (2015: 17%)	(165,663)	(217,405)	9,939	(83,300)
<u>Effects of:</u>				
- expenses not deductible	194,738	277,970	19,138	123,219
- income not subject to tax	-	-	-	-
- capital allowances	(5,705)	(6,999)	(5,705)	(6,999)
- prior year under provision	9,491	7,445	1,484	7,445
- tax exemptions & rebates	(17,706)	(21,628)	(17,706)	(21,628)
Tax expense	<u>15,155</u>	<u>39,383</u>	<u>7,150</u>	<u>18,737</u>

(b) Movement in current income tax liabilities

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Balance as at 1 April	20,765	6,887	11,030	4,939
Current tax expense	5,666	31,938	5,666	11,292
Prior year under provision	9,491	7,445	1,484	7,445
Income tax refund/ (paid)	(30,256)	(25,505)	(12,514)	(12,646)
Balance as at 31 March	<u>5,666</u>	<u>20,765</u>	<u>5,666</u>	<u>11,030</u>

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23. Significant related party transactions

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

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$	US\$	US\$
<u>I. Holding company:</u>				
<i>Greenlam Industries Ltd.</i>				
- purchase	23,519,453	24,267,152	22,072,995	23,577,477
- Trade amount due	(1,648,864)	(949,964)	(473,674)	(359,901)
- Non-trade amount due	(1,436,874)	-	-	-
<u>II. Subsidiary companies:</u>				
<i>Greenlam Asia Pacific (Thailand) Co. Ltd</i>				
- sales	-	-	10,595,231	10,012,648
- purchase	-	-	-	-
- trade receivables	-	-	2,375,687	2,829,511
- non-trade transactions	-	-	-	-
- management fees	-	-	60,000	114,491
<i>PT Greenlam Asia Pacific, Indonesia</i>				
- trade payables	-	-	(200,255)	(143,544)
- sales promotion expenses	-	-	279,935	271,511
<i>Greenlam Europe Ltd. (U.K.)</i>				
- non trade receivables	-	-	74,287	1,257,168
<u>III. Representative office / Branch office/ Marketing office, etc. EXPENSES</u>				
Indonesia	167,888	111,628	167,888	111,628
Australia	-	95,882	-	95,882
Hongkong	382,828	412,915	382,828	412,915
China	22,393	57,184	22,393	57,184
Vietnam	71,256	41,539	71,256	41,539
Malaysia	155,233	133,824	155,233	133,824
Malaysia- Flooring Division	-	176,347	-	176,347
Taiwan	243,465	220,347	243,465	220,347
Philippines	75,848	67,260	75,848	67,260
Myanmar	46,193	39,842	46,193	39,842
<u>IV. Key management personnel</u>	485,341	638,581	224,876	179,260

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24. Contingencies & commitments

24.1 Contingent liabilities

Contingent liabilities, of which the probability of settlement is not remote at the statement of financial position date, are as follows:

The Group is exposed to the following outstanding commitments and contingent liabilities with financial institutions as at the Statement of Financial Position date:-

	<u>Group & Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$
Letter of credits, etc.	233,745	208,547

The Company has not issued any corporate guarantees to banks for borrowings of any subsidiaries with net liability positions.

24.2 Capital commitments

Capital expenditures contracted for at the statement of financial position date but not recognized in the financial statements, are none.

24.3 Operating lease commitments – where the group is a lessee

The Group leases land, factories and warehouses from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognized as liabilities, are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Not later than 1 year	169,577	192,746	102,845	95,888
Between one and five years	170,012	173,739	69,979	-
Later than five years	-	-	-	-

25. Financial risk management

Financial risk factors

The Group & Company's activities expose it to market risk (including currency risk, interest rate risk, etc.), credit risk and liquidity risk. The Group & Company's overall risk management strategy seeks to minimize any adverse effects from the unpredictability of financial markets on the Group & Company's financial performance. The management continuously monitors the Group & Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

25.1 Market risk

(a) *Currency risk*

The Company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the Company is in US Dollars. As such the Company's sales and purchase transacted in identical currencies are hedged naturally.

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25. Financial risk management (cont'd)

25.1 Market risk (cont'd)

(a) Currency risk (cont'd)

The Company's currency exposure based on the information provided by key management is as follows:

At 31 March 2016

<u>COMPANY</u>	<u>Cash and cash equivalent</u> US\$	<u>Trade receivables</u> US\$	<u>Other receivables</u> US\$	<u>Amount due from related parties</u> US\$	<u>Total</u> US\$
Financial assets:					
SGD	70,929	1,480,753	443,809	-	1,995,491
Others	116,682	316,171	9,765	-	442,618
	<u>187,611</u>	<u>1,796,924</u>	<u>453,574</u>	<u>-</u>	<u>2,438,109</u>

<u>Financial liabilities</u>	<u>Trade & other payables</u> US\$	<u>Amount due to related parties</u> US\$	<u>Borrowings & term loans</u> US\$	<u>Hire purchase obligations</u> US\$	<u>Total</u> US\$
SGD	269,470	-	756,377	31,737	1,057,584
Others	1,473	-	-	-	1,473
	<u>270,943</u>	<u>-</u>	<u>756,377</u>	<u>31,737</u>	<u>1,059,057</u>

Foreign currency sensitivity

If the relevant foreign currency change against USD by 10%, with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position will be as follows:-

If the foreign currency *strengthens* by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

<u>Foreign currency impact</u>	<u>Financial Assets</u>		<u>Financial liabilities</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
(Net of tax at 17%)				
Profit / (loss)	202,363	924,808	(87,902)	(1,360,543)
other equity	-	-	-	-
	<u>202,363</u>	<u>924,808</u>	<u>(87,902)</u>	<u>(1,360,543)</u>

If the foreign currency *weakens* by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

<u>Foreign currency impact</u>	<u>Financial Assets</u>		<u>Financial liabilities</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
(Net of tax at 17%)				
Profit / (loss)	(202,363)	(924,808)	87,902	1,360,543
other equity	-	-	-	-
	<u>(202,363)</u>	<u>(924,808)</u>	<u>87,902</u>	<u>1,360,543</u>

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25. Financial risk management (continued)

25.1 Market risk (continued)

(b) Interest rate risk

The interest rate risk exposure is mainly on financial liabilities and financial assets. These financial instruments are both at fixed rate and floating rates.

The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

At 31 March 2016	Company	
	2016 US\$	2015 US\$
<u>Financial assets:</u>		
Fixed rate (refer note 5)	-	1,257,168
Floating rate	-	-
	<u>-</u>	<u>1,257,168</u>
<u>Financial liabilities:</u>		
Fixed rate (refer note 13)	31,737	51,152
Floating rate (refer note 12 & 14)	12,324,168	16,935,673
	<u>12,355,905</u>	<u>16,986,675</u>

Interest rate sensitivity

The sensitivity is estimated that an increase/decrease of 100 basis point in interest rate at the reporting date would lead to an increase/reduction in the profit before tax by approximately:-

<u>Increase of 100 basis point</u> (Net of tax at 17%)	Financial Assets		Financial liabilities	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Profit / (loss)	-	-	(102,290)	(140,566)
her equity	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(102,290)</u>	<u>(140,566)</u>

A decrease in the basis point in the interest rate would have an equal but opposite effect which is:-

<u>Decrease of 100 basis point</u> (Net of tax at 17%)	Financial Assets		Financial liabilities	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Profit / (loss)	-	-	102,290	140,566
her equity	-	-	-	-
	<u>-</u>	<u>-</u>	<u>102,290</u>	<u>140,566</u>

25.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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25. Financial risk management (continued)

25.2 Credit risk (continued)

Credit exposure to an individual counterparty is restricted by credit limits that are based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by management.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The credit risk for trade receivables based on the information provided to key management is as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<u>By geographical areas:</u>				
Singapore	1,775,150	1,170,264	1,775,150	1,170,264
Thailand	2,819,036	3,271,978	2,527,011	2,980,835
Others	2,949,559	4,782,795	2,038,873	4,529,156
	<u>7,543,745</u>	<u>9,225,037</u>	<u>6,341,034</u>	<u>8,680,255</u>
<u>By types of customers:</u>				
Related parties	-	-	2,375,687	2,829,510
Non-related parties	7,543,745	9,225,037	3,965,347	5,850,745
	<u>7,543,745</u>	<u>9,225,037</u>	<u>6,341,034</u>	<u>8,680,255</u>

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(b) The age analysis of trade receivables is as follows:-

	<u>Group</u>	<u>Company</u>
	<u>2016</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
Due 30-180 days	7,543,745	6,341,034
Due > 180 days	-	-
	<u>7,543,745</u>	<u>6,341,034</u>

The Group and the Company's top three customer sales during the financial year are as follows:-

	<u>Group</u>	<u>Company</u>
	<u>2016</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
Top Customer 1	12,038,362	10,580,376
Top Customer 2	1,327,147	1,327,147
Top Customer 3	1,125,507	1,125,507

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25. Financial risk management (continued)

25.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions at a short notice. At the statement of financial position date, assets held by the Group and the Company for managing liquidity risk included cash and cash equivalents (Note 8).

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date (contractual and undiscounted cash flows):-

GROUP	<u>Trade and other payables</u> US\$	<u>Hire purchase</u> US\$	<u>Term loan</u> US\$	<u>Bank Borrowings</u> US\$	<u>Total</u> US\$
Maturity < 1 year	2,228,477	18,213	10,265,901	1,535,152	14,047,743
Maturity 2 - 5 years	-	20,140	3,393,715	-	3,413,855
	<u>2,228,477</u>	<u>38,353</u>	<u>13,659,616</u>	<u>1,535,152</u>	<u>17,461,598</u>
Variable interest rate	<u>NIL</u>	Refer note 13	Refer note 5 & 14	Refer note 12	
COMPANY	<u>Trade and other payables</u> US\$	<u>Hire purchase</u> US\$	<u>Term loan</u> US\$	<u>Bank Borrowings</u> US\$	<u>Total</u> US\$
Maturity < 1 year	845,713	18,213	10,265,901	1,535,152	12,664,979
Maturity 2 - 5 years	-	20,140	523,115	-	543,255
	<u>845,713</u>	<u>38,353</u>	<u>10,789,016</u>	<u>1,535,152</u>	<u>13,208,234</u>
Variable interest rate	<u>NIL</u>	Refer note 13	Refer note 14	Refer note 12	

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

25.4 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Group 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.

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 borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

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25. Financial risk management (continued)

25.4 Capital risk (continued)

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Net debt	16,873,743	19,396,628	12,779,956	17,650,333
Total equity	150,047	60,355	2,046,148	984,767
Total capital	<u>17,023,790</u>	<u>19,456,983</u>	<u>14,826,104</u>	<u>18,635,100</u>
Gearing ratio	<u>99.12%</u>	<u>99.69%</u>	<u>86.20%</u>	<u>94.72%</u>

The Borrowers leverage ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Total liability	<u>17,539,780</u>	<u>19,961,828</u>	<u>13,286,416</u>	<u>17,959,703</u>
Tangible net worth	<u>150,047</u>	<u>60,355</u>	<u>2,046,148</u>	<u>984,767</u>
Leverage ratio (times)	<u>116.90</u>	<u>330.74</u>	<u>6.50</u>	<u>18.24</u>

25.5 Fair value measurements

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

<u>Group & Company</u>	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>	
	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> US\$	<u>2015</u> US\$
Assets:						
Financial assets at FVTPL/Derivatives/AFS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:						
Financial assets at FVTPL/Derivatives/AFS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques.

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25. Financial risk management (continued)

25.5 Fair value measurements (continued)

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the statement of financial position date. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The following table presents the changes in Level 3 instruments:

<u>Group & Company</u>	<u>Derivatives</u>		<u>Available-for-sale financial assets</u>		<u>Contingent consideration</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$	US\$	US\$	US\$	US\$
Beginning of financial year	-	-	-	-	-	-
Transfers / purchases	-	-	-	-	-	-
Fair value gains/ (loss)						
End of financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total gains/ (losses) for the period included in P/L	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

26. Goodwill

	<u>Group</u>	
	<u>2016</u> US\$	<u>2015</u> US\$
Beginning of financial year	58,926	58,926
Acquisition / impairment charge during the year	-	-
End of financial year	<u>58,926</u>	<u>58,926</u>

Goodwill represents its fair value as on the statement of financial position date.

27. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments 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.

27.1 Critical accounting estimates and assumptions

(a) *Estimated impairment of non-financial assets*

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates.

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27. Critical accounting estimates, assumptions and judgments (cont'd)

27.1 Critical accounting estimates and assumptions (cont'd)

(b) Uncertain tax positions

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. The Group has significant open tax assessments with a tax authority at the statement of financial position date. As management believes that the tax positions are sustainable, the Group has not recognized any additional tax liability on these uncertain tax positions.

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Where there is objective evidence of impairment, management has made judgments as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

27.2 Critical judgments in applying the entity's accounting policies

The Group and the Company makes critical judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical judgments that have known significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

28. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2016 and which the Company has not early adopted:

FRS 16	Property plant and equipment and FRS 38 Intangible assets
FRS 111	Joint Arrangements
FRS 110	Consolidated financial statements and FRS 28 Investments in associates and joint ventures
FRS 1	Presentation of financial statements
FRS 115	Revenue from contracts with customers
FRS 109	Financial instruments

These amendments are not expected to have any significant impact on the financial statements of the Group and the Company.

29. Comparative Information

The comparative information is restated from Singapore dollars to US dollars w.e.f. 1st April 2015 based on prevailing exchange rates. During the current financial year there was a change in presentation in the statement of comprehensive income namely by function instead by nature as compared to previous year. However there is no material impact on the overall financial statements due to such change in presentation.

30. Authorization of the financial statements

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Greenlam Asia Pacific Pte. Ltd. on 19th May 2016.