GREENLAM ASIA PACIFIC PTE. LTD. & ITS SUBSIDIARIES
(ACRA REGISTRATION NO. 200503703Z)

(Incorporated in The Republic of Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31st March 2018 and the statement of financial position of the Company as at 31st March 2018.

We, the directors of GREENLAM ASIA PACIFIC PTE. LTD., hereby state that;

(a) the accompanying statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 5 to 38 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 31st March 2018 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 and the Group 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The directors' responsibilities include overseeing the Group's financial reporting process.

DIRECTORS

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

Saurabh Mittal
Tham Chin Kuo
Vaibhav Sharma (appointed on 16/08/2017)

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:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
No. of ordinary shares	At 31 March 2018	At 1 Apr 2017 or date of appointment if later	At 31 March 2018	At 1 Apr 2017 or date of appointment if later
Directors				
Saurabh Mittal	-	-	3,206,534	3,206,534
Tham Chin Kuo	-	-	-	-
Vaibhav Sharma	-	-	-	-
Immediate and Ultimate Holding Company				
Greenlam Industries Ltd. *	2,778,865	2,778,865	-	-
Directors having interest in immediate and ultimate holding company.				
Saurabh Mittal	3,206,534	3,206,534	-	-
Tham Chin Kuo	-	-	-	-
Vaibhav Sharma	-	-	-	-

The immediate & ultimate holding company of the Company is 'Greenlam Industries Ltd', a Company incorporated in India.

DIRECTORS' STATEMENT (CONT'D)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

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.

(b) The directors' interest in the ordinary shares of the Company as at 14 MAY 2018 were the same as those as at 31st March 2018.

SHARE OPTIONS

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

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

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

INDEPENDENT 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
Director

.....
Tham Chin Kuo
Director

Singapore.

Date: 14 MAY 2018

STAMFORD ASSOCIATES LLP
Chartered Accountants of Singapore
(UEN No: T07LL0683E)

Antea ALLIANCE OF INDEPENDENT FIRMS
Member firm of **Antea International**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GREENLAM ASIA PACIFIC PTE. LTD. (REGISTRATION NO. 200503703Z) FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

Our Opinion

In our opinion, the accompanying consolidated financial statements of GREENLAM ASIA PACIFIC PTE. LTD. (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31st March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of financial position of the Group as at 31st March 2018;
- the statement of financial position of the Company as at 31st March 2018;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Other information

Management is responsible for the other information. The other information refers to the "Directors' Statement" section on pages 1 to 2 of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report which are expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

Independent Auditor's Report (Cont'd)

Responsibilities of Management and Directors for the Financial Statements (cont'd)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sanjay P. Mohnot.

STAMFORD ASSOCIATES LLP
SINGAPORE
T07LL0683E
CA (SINGAPORE)

STAMFORD ASSOCIATES LLP
Public Accountants and
Chartered Accountants, Singapore

Place : Singapore
Date : 14th May 2018

STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2018

	Note	2018 US$	2017 US$
ASSETS			
Non-current assets			
Investment in Subsidiaries	8	297,961	320,765
Property, Plant and equipment	9	1,016,677	1,211,418
Total Non - Current assets		1,314,638	1,532,183
Current assets			
Cash and cash equivalents	5	212,372	187,473
Inventories	6	1,172,709	2,039,268
Trade and other receivables	7	6,462,053	6,870,986
Total Current Assets		7,847,134	9,097,727
TOTAL ASSETS		**9,161,772**	**10,629,910**
LIABILITIES			
Non - Current liabilities			
Hire-purchase obligation	12	-	(6,683)
Term loans – non-current	13	-	(239,371)
Deferred tax	14	(7,261)	(65,651)
Total Non - Current Liabilities		(7,261)	(311,705)
Current liabilities			
Trade and other payables	10	(1,019,310)	(1,008,148)
Bank Borrowings	11	-	(1,305,967)
Hire-purchase obligation	12	(8,278)	(9,125)
Term loans – current	13	(5,159,514)	(5,506,577)
Provision for taxation	15	(74,923)	(50,815)
Total Current Liabilities		(6,262,025)	(7,880,632)
Total Liabilities		**(6,269,286)**	**(8,192,337)**
NET ASSETS		**2,892,486**	**2,437,573**
EQUITY & RESERVES			
Capital and reserves attributable to equity holders of the Company			
Share Capital	4	2,778,865	2,778,865
Accumulated profits / (losses)		113,621	(341,292)
TOTAL EQUITY & RESERVES		**2,892,486**	**2,437,573**

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

GREENLAM ASIA PACIFIC PTE. LTD. & ITS SUBSIDIARIES
(Incorporated in The Republic of Singapore)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2018

	Note	2018 US$	2017 US$
ASSETS			
Non-current assets			
Property, Plant and equipment	9	1,051,148	1,251,303
Goodwill	25	58,926	58,926
Total Non - Current assets		1,110,074	1,310,229
Current assets			
Cash and cash equivalent	5	676,077	374,097
Inventories	6	1,325,689	2,349,873
Trade and other receivables	7	7,619,914	8,032,305
Total Current Assets		9,621,680	10,756,275
TOTAL ASSETS		**10,731,754**	**12,066,504**
LIABILITIES			
Non - Current liabilities			
Hire-purchase obligation	12	-	(6,683)
Term loans - non-current	13	-	(239,371)
Deferred tax	14	(7,261)	(65,651)
Total Non - Current Liabilities		(7,261)	(311,705)
Current liabilities			
Trade and other payables	10	(3,038,424)	(2,826,512)
Bank Borrowings	11	-	(1,305,967)
Hire-purchase obligation	12	(8,278)	(9,125)
Term loans – current	13	(6,561,114)	(6,761,377)
Provision for taxation	15	(92,558)	(65,333)
Total Current Liabilities		(9,700,374)	(10,968,314)
Total Liabilities		**(9,707,635)**	**(11,280,019)**
NET ASSETS		**1,024,119**	**786,485**
EQUITY & RESERVES			
Capital and reserves attributable to equity holders of the Company			
Share Capital	4	2,778,865	2,778,865
Accumulated (losses)		(1,906,552)	(2,334,715)
Currency translation reserves	8B	137,311	329,977
		1,009,624	**774,127**
Non-controlling interest	8A	14,495	12,358
TOTAL EQUITY & RESERVES		**1,024,119**	**786,485**

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

	Note	2018 US$	2017 US$
Revenue	16	24,736,316	26,640,057
Cost of Revenue	17	(19,162,052)	(20,809,761)
Gross profit		5,574,264	5,830,296
Other income	18	15,795	107,318
		5,590,059	5,937,614
Less :			
Depreciation	9	(220,531)	(247,603)
Employee Benefits Expenses	19	(2,408,084)	(2,340,977)
Administrative & Other operating expenses	20	(2,179,999)	(2,563,632)
		(4,808,614)	(5,152,212)
Profit from operations		781,445	785,402
Finance costs	21	(279,964)	(365,958)
Profit before tax		501,481	419,444
Deferred tax	14	58,390	13,481
Income tax Expense	15	(82,154)	(66,538)
Profit from continuing operations		477,717	366,387
Profit / (loss) from discontinued operations		-	
Total Income		477,717	366,387
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Impairment loss on investment in subsidiary		(22,804)	-
Items that will not be reclassified subsequently to profit or loss		-	-
Other comprehensive income, net of tax		(22,804)	-
Total Comprehensive income		**454,913**	**366,387**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

	Note	2018 US$	2017 US$
Revenue	16	30,795,893	32,923,281
Cost of Revenue	17	(22,745,095)	(24,919,162)
Gross profit		8,050,798	8,004,119
Other income	18	17,534	110,196
		8,068,332	8,114,315
Less :			
Depreciation	9	(238,761)	(278,251)
Employee Benefits Expenses	19	(3,865,065)	(3,689,234)
Administrative & Operating expenses	20	(3,180,196)	(3,279,547)
		(7,284,022)	(7,247,032)
Profit from operations		784,310	867,283
Finance costs	21	(302,472)	(428,000)
Profit before tax		481,838	439,283
Deferred tax	14	58,390	13,481
Income tax Expense	15	(110,341)	(88,826)
Profit/ (Loss) from continuing operations		429,887	363,938
Profit / (loss) from discontinued operatios		-	-
Total Income		**429,887**	**363,938**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Effects of currency translation of foreign Subsidiaries balances		(192,253)	272,500
Items that will not be reclassified subsequently to profit or loss		-	-
Other comprehensive income, net of tax		(192,253)	272,500
Total Comprehensive income		**237,634**	**636,438**
Profit attributable to :			
Equity holders of the Company		428,163	362,181
Non-controlling interest		1,724	1,757
		429,887	**363,938**
Total Comprehensive Income attributable to :			
Equity holders of the Company		235,497	634,687
Non-controlling interest		2,137	1,751
		237,634	**636,438**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

→ Attributable to equity holders of the Company ←

COMPANY	Share Capital	Accumulated (Loss) / Profit	Total Equity
	US$	US$	US$
Balance as at 31 March 2016	2,778,865	(732,717)	2,046,148
Total comprehensive income	-	366,387	366,387
Prior Period Adjustments	-	25,038	25,038
Balance as at 31 March 2017	**2,778,865**	**(341,292)**	**2,437,573**
Total comprehensive income	-	454,913	454,913
Balance as at 31 March 2018	**2,778,865**	**113,621**	**2,892,486**

→ Attributable to equity holders of the Company ←

GROUP	Share Capital	Retained Earnings	Translation Reserve	Total	Non-controlling interests	Total Equity & reserves
	US$	US$	US$	US$	US$	US$
Balance as at 31 March 2016	2,778,865	(2,696,896)	57,471	139,440	10,607	150,047
Issuance of share capital	-	-	-	-	-	-
Currency Translation Reserve	-	-	272,506	272,506	(6)	272,500
Total comprehensive income	-	362,181	-	362,181	1,757	363,938
Balance as at 31 March 2017	**2,778,865**	**(2,334,715)**	**329,977**	**774,127**	**12,358**	**786,485**
Issuance of share capital	-	-	-	-		
Currency Translation Reserve	-	-	(192,666)	(192,666)	413	(192,253)
Total comprehensive income	-	428,163	-	428,163	1,724	429,887
Balance as at 31 March 2018	**2,778,865**	**(1,906,552)**	**137,311**	**1,009,624**	**14,495**	**1,024,119**

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
Profit before tax		501,481	419,444
Adjustments for non-cash items:			
- Depreciation	9	220,531	247,603
- Provision for bad debts	7	63,417	197,441
- Assets written off	9	1,097	-
- Interest paid	21	279,964	365,958
- Interest income	18	(3,793)	(18,722)
Cash Flows Before Changes in Working Capital		1,062,697	1,211,724
Change in working capital:			
- Inventories	6	866,559	1,892,056
- Trade and other receivables	7	345,516	2,096,885
- Trade and other payables	10	11,162	236,721
		1,223,237	4,225,662
Cash Flows After Changes in Working Capital		2,285,934	5,437,386
Tax paid	15	(58,046)	(21,389)
Net Cash (used in) / generated from Operations		2,227,888	5,415,997
Cash flows from investing activities			
Investment in subsidiary	8	-	-
Proceeds from sale of fixed assets	9	-	-
Additions to fixed assets	9	(26,887)	(14,768)
Net cash (used in) investing activities		(26,887)	(14,768)
		2,201,001	5,401,229
Cash flows from financing activities			
Proceeds from borrowings	11	(1,305,967)	(229,185)
Proceeds / (repayment) of term loan	13	(586,434)	(5,043,068)
Repayment of finance lease	12	(7,530)	(15,929)
Interest received	18	3,793	18,722
Interest Expenses	21	(279,964)	(365,958)
Net cash (used in) financing activities		(2,176,102)	(5,635,418)
Net increase / (decrease) in cash and cash equivalents		24,899	(234,189)
Cash and cash equivalents at beginning of the financial year		187,473	421,662
Cash and cash equivalents at the end of financial year	**5**	**212,372**	**187,473**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
Profit before tax		481,838	438,428
Adjustments for non-cash items:			
- Depreciation expense	9	238,761	278,251
- Translation diff. on fixed assets	9	(898)	6,690
- Translation diff. on consolidation		(192,253)	273,355
- Provision for bad debt	7	63,417	197,441
- Assets written off	9	1,097	-
- Interest income	18	(3,793)	(18,736)
- Interest paid	21	302,472	428,000
Cash Flows Before Changes in Working Capital		890,641	1,603,429
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
- Inventories	6	1,024,184	2,641,575
- Trade and other receivables	7	348,974	2,299,275
- Trade and other payables	10	211,912	598,035
		1,585,070	5,538,885
Cash Flows After Changes in Working Capital		2,475,711	7,142,314
Tax paid	15	(83,116)	(21,389)
Net Cash generated from Operations		2,392,595	7,120,925
Cash flows from investing activities			
Proceeds from sale of fixed assets	9	-	11,462
Additions to fixed assets	9	(38,805)	(24,913)
Net cash (used in) investing activities		(38,805)	(13,451)
		2,353,790	7,107,474
Cash flows from financing activities			
Repayment of long term advance		-	(1,435,300)
Proceeds from borrowings	11	(1,305,967)	(229,185)
Proceeds / (repayment) of term loan	13	(439,634)	(5,223,568)
Repayment of finance lease	12	(7,530)	(15,929)
Interest received	18	3,793	18,736
Interest Expenses	21	(302,472)	(428,000)
Net cash (used in) financing activities		(2,051,810)	(7,313,246)
Net increase / (decrease) in cash and cash equivalents		301,980	(205,772)
Effects of currency translation on consolidation		-	(1,370)
Cash and cash equivalents at beginning of the financial year		374,097	581,239
Cash and cash equivalents at the end of financial year	5	**676,077**	**374,097**

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

1. General information

GREENLAM ASIA PACIFIC PTE. LTD., (the "Company") is a company incorporated and domiciled in Singapore. The registered office and principal place of business is situated at 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.

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 are 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 Note 3.

Interpretations and amendments to published standards effective in 2017

On 1st April 2017, 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 except for the following:

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of Cash Flows (Disclosure initiative) sets out required disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.2 Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is 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, provided it is probable that the economic benefits will flow to the Group or Company and the revenue and costs, if applicable, can be measured reliably. Revenue is recognized when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

(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.

2. Significant Accounting Policies (Continued)

2.2 Revenue recognition (continued)

(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 Company 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. 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.

3. Significant Accounting Policies (Continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

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 result 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.

(c) Associated companies and Joint Ventures

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 and joint ventures 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.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognized as a reduction of 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, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognized as a reduction of the carrying amount of the investments.

2. Significant Accounting Policies (Continued)

2.4 Group accounting (continued)

(c) Associated companies and Joint Ventures (continued)

(ii) Equity method of accounting (cont'd)

When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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 or joint control 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.

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 other 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.

(b) Depreciation

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:

2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(b) Depreciation (cont'd)

Furniture & fittings	3 years	Office Equipment	3 years
Computers	3 years	Renovation	15 years
Machinery & equipment	3 - 8 years	Motor Vehicles	3-6 years
Laminates Rakes	8 years		
Leasehold Building	15 years (remaining useful life: 07 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

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum on the consideration transferred, the amount of non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognized separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. 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.

2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognized in profit or loss.

2.8 Impairment of non-financial assets

Intangible Assets, Property, plant and equipment & Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets maybe impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of 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 recognized as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such as impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

2. Significant accounting policies (continued)

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

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss what recognized. 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 recognized for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognized 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 recognized as an expense, a reversal of that impairment is also recognized in profit or loss.

2.9 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.

(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 7) and "cash and cash equivalents" (Note 5) 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.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(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.

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.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(e) Impairment (cont'd)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9 (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 there is objective evidence of impairment exists, the cumulative loss that was previously recognized in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified 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 on that financial asset previously recognized as an expense in profit or loss. The impairment losses recognized as an expense on equity securities are not reversed through profit or loss in subsequent period.

(f) Offsetting of 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.

2.10 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. Financial liabilities represent liabilities for goods and services provided to the Group prior to the end of the 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 represented as non-current liabilities. 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 discharges or cancelled or expired.

2.11 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.

2.12 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. Significant accounting policies (continued)

2.13 Leases

(a) When the Group is the lessee:

(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.

(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.

2.14 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. However, goods-in-transit due to its very nature is presented at cost. 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.

2.15 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.

2. Significant accounting policies (continued)

2.15 Income taxes (cont'd)

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.

Deferred income tax is measured:

(a) 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

(b) 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.

2.16 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.

2.17 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 recognises termination benefits when it is demonstrably committed at the earlier of the following dates:

(i) when the Group is terminating the employment of current employees according to a detailed formal plan without possibility of withdrawing the offer of those benefits; and

(ii) when the Group recognises costs for a restructuring that is within the scope of FRS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. Significant accounting policies (continued)

2.18 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.

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 that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses". 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.

2.19 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.

2.20 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 and bank overdrafts.

Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. Significant accounting policies (continued)

2.21 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 able to collect all amounts due to according to the original terms of the receivables. The amount of the allowance is recognized in the income and expenditure statement.

2.22 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.

2.23 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. When an entity within the Group purchases the Company's ordinary shares ("treasury shares"). the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

Dividends to the Company's shareholders are recognized when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgments

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates, assumptions and judgements in applying the accounting policies. These estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 Critical accounting estimates and assumptions & Key Sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) 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.

(b) 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.

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

3.1 Critical accounting estimates and assumptions & Key Sources of estimation uncertainty (cont'd)

(c) Impairment of investment in subsidiaries

The overall impairment of investment in subsidiaries is assessed based on fair value of net assets / (liabilities) as per audited / unaudited financial statements of those subsidiaries.

3.2 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.

4. Share capital

	Group & Company	
	Ordinary shares	Amount
As at 31 March 2018	No's.	US$
Beginning of the financial year	2,778,865	2,778,865
Shares issued during the year	-	-
End of the financial year	**2,778,865**	**2,778,865**
As at 31 March 2017		
Beginning of the financial year	2,778,865	2,778,865
Shares issued during the year	-	-
End of the financial year	**2,778,865**	**2,778,865**

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.

5. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
Cash in hand	4,493	4,531	1,022	1,640
Cash at bank	671,584	369,566	211,350	185,833
Cash and cash equivalents per statement of cash flows	**676,077**	**374,097**	**212,372**	**187,473**

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

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
United States Dollars	29,900	4,191	29,901	4,191
Singapore Dollars	130,934	97,177	130,884	91,859
Others	515,243	272,729	51,587	91,423
	676,077	**374,097**	**212,372**	**187,473**

6. Inventories

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
Finished goods – at Cost	1,132,669	1,990,727	1,132,669	1,981,200
Goods-in-transit – at Cost	193,020	359,146	40,040	58,068
	1,325,689	**2,349,873**	**1,172,709**	**2,039,268**

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.

7. Trade and other receivables

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Trade receivables:				
- Third parties	6,261,155	6,719,664	3,182,573	3,751,942
- Related parties (subsidiaries)	-	-	2,186,832	2,083,382
	6,261,155	6,719,664	5,369,405	5,835,324
Less: - Provision for doubtful debts	(260,857)	(197,441)	(260,857)	(197,441)
Balance at 31 March	6,000,298	6,522,223	5,108,548	5,637,883
Other receivables				
Deposits:				
- Rental	37,208	54,354	5,177	15,159
- Others	43,319	36,505	43,289	36,505
Prepayments	400,911	377,972	248,875	263,646
Advances:				
- Staff advances	1,518	3,933	1,518	3,935
- Deposit to vendors	1,015,349	944,606	1,008,311	855,218
GST receivables	115,771	87,478	46,335	58,640
Others	5,540	5,234	-	-
	1,619,616	1,510,082	1,353,505	1,233,103
Total trade & other receivables	**7,619,914**	**8,032,305**	**6,462,053**	**6,870,986**

The credit period of trade receivables is 30-180 days.

The trade and other receivables approximate its fair value as on balance sheet date and are denominated in following currencies: -

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
United States Dollars	5,595,635	5,145,543	5,575,875	4,945,701
Singapore Dollars	823,441	1,601,279	813,959	1,592,392
Others	1,200,838	-	72,219	-
	7,619,914	**8,032,305**	**6,462,053**	**6,870,986**

8. Investment in subsidiaries

	Company	
	2018 US$	2017 US$
Equity investment – At cost #	**586,124**	**586,124**
Movements in investments:		
Beginning of the financial year	320,765	295,727
Additions / (disposals) during the year	-	
Prior period adjustment (exchange variance)	-	25,038
Impairment (loss)	(22,804)	-
End of the financial year	**297,961**	**320,765**

Details of investment in subsidiary held by the Company:

Name of subsidiary / Country Incorporation	Principal Activities	Country	Cost of Investment		Equity Holding	
			2018 US$	2017 US$	2018 %	2017 %
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

8. Investment in subsidiaries (cont'd)

Details of investment in subsidiary held by the Company (cont'd):

Name of subsidiary / Country Incorporation	Principal Activities	Country	Cost of Investment 2018 US$	Cost of Investment 2017 US$	Equity Holding 2018 %	Equity Holding 2017 %
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	247,500	247,500	99	99
Greenlam Europe (UK) Ltd ***	Wholesale of decorative laminates	Europe	265,358	265,358	100	100
			586,124	**586,124**		

*Audited by Luck CPA Co. Ltd., Bangkok, Thailand.
**Not required to be audited under the laws of the country of incorporation *(refer below)*.
***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. The unaudited financials of Indonesian subsidiary do not have any material impact on the Group and holding Company in Singapore.

Further, the investments in subsidiaries are tested for impairment based on the net assets position of the subsidiaries' audited / unaudited financial statements and presented at fair value as at the date of statement of financial position.

8A. Non-controlling interest

		NCI Share (US$)			
Subsidiary (shareholding %)	**NCI (%)**	**As at 01/04/17**	**Current year profit / (loss) share**	**Translation difference**	**As at 31/03/18**
Greenlam Asia Pacific (Thailand) Co. Ltd. (97.5%)	2.5%	9,532	1,677	899	12,108
Greenlam Holding Company Limited (99%)	1%	142	(9)	7	140
PT Greenlam Asia Pacific – Indonesia (99%)	1%	2,684	56	(493)	2,247
Grenlam Europe UK Ltd. (100%)	-	-	-	-	-
TOTAL NCI SHARE (US$)		12,358	1,724	413	14,495

8B. Currency Translation Reserve

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Balance at the beginning	329,977	57,471	-	-
Translation differences arised :				
- on year end balances	(199,395)	269,221	-	-
- from transactions during the year	6,729	3,285	-	-
	137,311	329,977	-	-

9. Property, plant and equipment

Group	Computers US$	Leaschold Building* US$	Machineries US$	Renovation US$	Furniture & fittings US$	Laminates rakes US$	Office equipment US$	Motor vehicles US$	Total US$
As at 31 March 2018									
Cost									
Beginning of financial year (NBV)	93,943	1,043,017	76,746	376,465	65,656	43,373	84,639	31,733	1,815,572
Additions	36,046	-	-	-	798	-	1,961	-	38,805
Disposals	-	-	-	-	(30,635)	-	(15,225)	-	(45,859)
End of financial year	129,989	1,043,017	76,746	376,465	35,819	43,373	71,375	31,733	1,808,518
Accumulated depreciation									
Beginning of financial year	62,507	225,600	31,178	79,292	50,589	22,261	64,716	28,126	564,269
Depreciation charge	26,618	112,800	20,404	41,010	11,657	10,019	15,155	1,098	238,761
Disposals	-	-	-	-	(29,537)	-	(15,225)	-	(44,762)
	89,125	338,400	51,582	120,302	32,709	32,280	64,646	29,224	758,268
Currency Translation Differences	(765)	-	533	-	(67)	-	(688)	88	(898)
End of financial year	88,360	338,400	52,115	120,302	32,642	32,280	63,958	29,312	757,370
Depreciation charge for 2017	25,292	112,800	8,541	41,010	14,843	10,733	22,770	11,614	247,603
Net book value As at 31st March 2018	**41,629**	**704,617**	**24,631**	**256,163**	**3,177**	**11,093**	**7,417**	**2,421**	**1,051,148**
As at 31st March 2017	**31,436**	**817,417**	**45,568**	**297,173**	**15,067**	**21,112**	**19,923**	**3,607**	**1,251,303**

*Note:
*Leasehold building is mortgaged to a bank against bank loan & facilities (Note: 11 & 13).

9. **Property, plant and equipment (continued)**

Company As at 31 March 2017	Computers US$	Leasehold Building* US$	Machineries US$	Renovation US$	Furniture & fittings US$	Laminates rakes US$	Office equipment US$	Motor vehicles US$	Total US$
Cost									
Beginning of financial year	77,675	1,043,017	31,007	379,192	43,875	43,373	67,879	25,772	1,711,790
Additions	24,746	-	-	-	798	-	1,343		26,887
Disposals	-	-	-	-	(25,111)	-	(3,716)	-	(28,827)
End of financial year	102,421	1,043,017	31,007	379,192	19,562	43,373	65,506	25,772	1,709,850
Accumulated depreciation									
Beginning of financial year	54,203	225,600	9,990	82,020	30,425	22,260	50,102	25,772	500,372
Depreciation charge	22,938	112,800	10,337	41,009	10,001	10,020	13,426		220,531
Disposals	-	-	-	-	(24,015)	-	(3,716)	-	(27,731)
End of financial year	77,141	338,400	20,327	123,029	16,411	32,280	59,812	25,772	692,076
Depreciation charge for 2017	25,292	112,800	8,541	41,010	14,843	10,733	22,770	11,614	247,603
Net book value **As at 31st March 2018**	**25,280**	**704,617**	**10,680**	**256,163**	**3,151**	**11,093**	**5,694**	-	**1,016,677**
As at 31st March 2017	23,472	817,417	21,017	297,172	13,450	21,113	17,777	-	1,211,418

Note:
*Leasehold building is mortgaged to a bank against bank loan & facilities (Note: 11 & 13).

10. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
Trade payables				
-Third parties	2,588,126	2,271,171	-	-
-Related parties			894,959	702,865
Other payables:				
Accruals	263,449	47,484	25,880	47,484
Advance received from customers	19,630	13,225	19,630	13,225
Other Creditors	160,366	494,621	72,104	244,563
Payable to Employees	6,853	11	6,737	11
	3,038,424	**2,826,512**	**1,019,310**	**1,008,148**

The average credit period of trade creditors is 30 - 180 days. The trade and other payables approximate its fair value as at the date of statement financial position and are denominated in following currencies: -

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
United States Dollars	720,439	548,153	720,439	548,153
Singapore Dollars	79,963	269,343	278,221	457,366
Others	2,238,022	2,009,016	20,650	2,629
	3,038,424	**2,826,512**	**1,019,310**	**1,008,148**

11. Bank borrowings

	Group & Company	
	2018	2017
	US$	US$
Short term trade facilities (including TR/LC/FBP etc.)	-	1,305,967

The rate of interest payable on Bills –TR/ LC-DP to bank is COF plus 2.25% (2017: 2.25%) p.a. The Bank COF interest rate in 2017 was 1.3184%. The other bank borrowings FBN (foreign bills negotiation), FBP (foreign bills purchased) bear interest rate at Cost of Fund (COF) plus 2.5% (2017: 2.5 %) p.a. The rate of interest payable on SBLC backed borrowing was LIBOR plus 1% p.a. in 2017.

The above bank borrowings are secured against the following: -

SCB Borrowings are backed by Corporate guarantee given by a related party and first exclusive charge on all assets and accounts of the Company, and 10% cash margin for the LC facility excluding mortgage of property with UOB. 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 US dollars.

12. Hire purchase obligation

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

	Group & Company	
	2018	2017
	US$	US$
Hire purchase obligation	9,784	19,285
Future interest on hire-purchase	(1,506)	(3,477)
	8,278	**15,808**

The maturity period of above hire purchase loan is less than one year as at 31st March 2018. 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$1,506 /- (2017: US$1,909/-) and payable after one year is US$NIL/- (2017: US$1,568/-). The Hire Purchase obligation approximates its fair value as at the statement of financial position date and is denominated in Singapore Dollars.

13. Term loans

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
Long term working capital loan	255,645	1,747,094	255,645	492,294
Short term money market facility	6,305,469	5,253,654	4,903,869	5,253,654
	6,561,114	7,000,748	5,159,514	5,745,948

The maturity period of above term loans is as below:

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
Payable within one year	6,561,114	6,761,377	5,159,514	5,506,577
Payable after one year	-	239,371	-	239,371
	6,561,114	7,000,748	5,159,514	5,745,948

The long-term working capital loan carries interest rate of 3 months COF + 2.5% p.a. Current COF is 1.288%. The short-term money market facility bears an interest rate of COF+2.25% p.a.

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

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
US dollars	4,903,869	5,253,654	4,903,869	5,253,654
Singapore dollars	255,645	492,294	255,645	492,294
Great Britain Pounds	1,401,600	1,254,800	-	-
	6,561,114	7,000,748	5,159,514	5,745,948

The UOB term loan is secured against property at 11 Sungei Kadut Crescent, Singapore 728683 and personal guarantee of the director Mr.Saurabh Mittal, whereas both UOB and SCB Term loans are secured against Corporate Guarantee given by ultimate holding Company 'Greenlam Industries Ltd.', India, whose net worth as per latest available published accounts as at 31 March 2017 was approximately US$46.692 million (INR 3,030 million).

Credit Facilities for the Long-term Working Capital requirements of the business in UK was taken with Citibank against the SBLC given by the ultimate holding company in India for an amount of GBP$1,000,000/- in the previous year.

14. Deferred taxation

	Group & Company	
	2018	2017
	US$	US$
Balance at the begining	65,651	79,132
Current year provision /(reversal)	(58,390)	(13,481)
Balance at 31 March	7,261	65,651

15. Income taxes

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
Balance at the beginning	65,333	5,666	50,815	5,666
Current tax expense	92,558	65,333	74,923	50,815
Prior year under provision	17,783	15,723	7,231	15,723
Income tax refund/ (paid)	(83,116)	(21,389)	(58,046)	(21,389)
Balance as at 31 March	92,558	65,333	74,923	50,815

15. Income taxes (cont'd)

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

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Profit before tax	481,838	438,428	501,481	419,444
Tax calculated at 17% (2017: 17%)	81,912	74,533	85,252	71,305
Effects of:				
- expenses not deductible	60,828	47,403	39,853	42,153
- income not subject to tax	(1,239)	(12,429)	(1,239)	(12,429)
- capital allowances	(21,522)	(13,525)	(21,522)	(13,525)
- prior year under provision	17,783	29,533	7,231	15,723
- tax exemptions & rebates	(27,421)	(36,689)	(27,421)	(36,689)
Tax expense	110,341	88,826	82,154	66,538

The above tax computation is subject to the approval of Inland Revenue Authority of Singapore (IRAS).

16. Revenue

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Sale of goods	30,795,893	32,923,281	24,736,316	26,640,057

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.

17. Cost of sales

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Cost of sales (includes change in inventory, purchases, freight & other incidental costs)	22,745,095	24,919,162	19,162,052	20,809,761

18. Other income

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Miscellaneous income	-	20,330	-	17,466
Government grants	12,002	71,130	12,002	71,130
Interest income	5,532	18,736	3,793	18,722
	17,534	110,196	15,795	107,318

19. Employee benefit expenses

	Group		Company	
	2017 US$	2017 US$	2017 US$	2017 US$
Wages and salaries	3,044,915	2,998,270	1,993,054	1,957,801
Employer's contribution to defined contribution plans	172,622	182,227	127,618	132,389
Other benefits	647,528	508,737	287,412	250,787
	3,865,065	3,689,234	2,408,084	2,340,977

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: -

19. Employee benefit expenses (cont'd)

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Salaries, bonus & allowances:				
- Directors	-	-	-	-
- Chief Operating Officer/Country Head	512,691	468,828	217,393	201,941
Employer's contribution to defined contribution plans:				
- Directors	-	-	-	-
- Chief Operating Officer/Country Head	7,917	7,119	-	-
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	520,608	475,947	217,393	201,941

20. Admin & other operating expenses

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Rates & Taxes	25,050	33,493	24,411	23,833
Insurance charges	31,049	14,132	29,810	10,975
Printing & Stationery	24,460	24,214	14,966	13,629
Postage & Telephone	85,784	93,786	55,287	51,494
Travelling expenses	161,821	148,332	142,973	118,607
Conveyance	208,591	209,873	88,723	101,096
Electricity	46,698	44,039	18,071	16,445
Legal & professional fees	362,939	284,324	60,760	26,880
Vehicle expenses	21,120	26,543	21,120	26,543
Commission	8,494	105,740	8,495	105,740
Membership fee	1,065	-	1,065	-
Assets Discarded	1,097	9,910	1,097	-
Bank charges	166,971	138,332	158,765	133,259
Auditors remuneration	47,316	40,814	33,505	30,683
Sales promotion expenses	1,468,980	1,356,146	1,122,242	1,162,139
Repairs & maintenance	30,812	42,252	25,748	19,554
General expenses	54,696	46,123	27,229	19,797
Rebates & claims	81,285	167,922	81,292	191,502
Retainer Fees	-	10,408	-	10,408
Testing Fee	5,569	2,140	5,569	2,140
Rent	317,085	264,794	122,797	181,176
Management Fee	-	-	120,000	120,000
License Fee	3,354	4,186		-
Bad Debts	63,417	197,441	63,417	197,441
Non-deductible expense	41,995	1,380		-
Custom's Duty	-	-		-
Unrealised forex loss/ (gain)	(10,854)	(100,330)	(7,289)	(33,540)
Realised forex loss/ (gain)	(68,598)	113,553	(40,054)	33,831
	3,180,196	3,279,547	2,179,999	2,563,632

21. Finance expenses

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Interest expense:				
- Bank borrowings	302,472	397,266	279,964	365,958
- Loan from GIL	-	30,734	-	-
	302,472	428,000	279,964	365,958

22. 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:

	Group		Company	
	2018	2017	2018	2017
I. Holding company:	US$	US$	US$	US$
Greenlam Industries Ltd.				
- purchase	20,968,698	20,416,356	17,821,284	17,245,780
- Trade amount due	(2,585,016)	(2,277,044)	(669,414)	(511,272)
- Non-trade amount due	(30,397)	-	(27,287)	-
II. Subsidiary companies:				
Greenlam Asia Pacific (Thailand) Co.				
- sales	-	-	9,476,366	9,302,166
- purchase	-	-	-	-
- trade receivables	-	-	2,186,832	2,083,382
- non-trade transactions	-	-	-	-
- management fees	-	-	-	-
PT Greenlam Asia Pacific, Indonesia				
- trade payables	-	-	(198,257)	(191,593)
- sales promotion expenses	-	-	188,427	189,080
Greenlam Europe Ltd. (U.K.)				
- non-trade receivables	-	-	-	-
III. Representative office / Branch office/ Marketing office, etc.				
EXPENSES				
Indonesia	134,383	136,833	134,383	136,833
Hong Kong	294,842	319,377	294,842	319,377
China	-	1,192	-	1,192
Vietnam	52,085	50,854	52,085	50,854
Malaysia	139,313	203,809	139,313	203,809
Taiwan	181,374	202,388	181,374	202,388
Philippines	76,809	74,513	76,809	74,513
Myanmar	10,970	40,806	10,970	40,806
IV. Key management personnel	**520,608**	**475,947**	**217,393**	**201,941**

Other related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members. Outstanding balances at 31 March, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from statement of financial position date and are disclosed in Notes 7 and 10 respectively.

23. Contingencies & commitments

23.1 Contingent liabilities

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

	Group & Company	
	2018	2017
	US$	US$
Letter of credits, etc.	403,067	402,677

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

23.2 Capital commitments

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

23. Contingencies & commitments (cont'd)

23.3 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:

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
Not later than 1 year	76,393	95,993	40,000	56,409
Between one and five years	20,129	17,217	20,129	7,321
Later than five years	-	-	-	-

24. 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.

24.1 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.

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

COMPANY
At 31 March 2018

Financial assets:	**SGD** US$	**OTHERS** US$	**Total** US$
Cash and cash equivalent	130,884	51,587	182,471
Trade receivables	695,594	62,727	758,321
Other receivables	118,365	9,492	127,857
Total	944,843	123,806	1,068,649
Financial liabilities			
Trade & other payables	278,221	20,650	298,871
Borrowings & term loans	255,645	-	255,645
Hire purchase obligations	8,278	-	8,278
Total	542,144	20,650	562,794

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:

24. Financial risk management (cot'd)

24.1 Market risk (cont'd)

(a) Currency risk (cont'd)

Foreign currency impact	Financial Assets		Financial liabilities	
	2018	**2017**	**2018**	**2017**
(Net of tax at 17%)	US$	US$	US$	US$
Profit / (loss)	88,698	175,011	(46,712)	(80,352)
other equity	-	-	-	-
	88,698	175,011	(46,712)	(80,352)

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:

Foreign currency impact	Financial Assets		Financial liabilities	
	2017	**2016**	**2017**	**2016**
(Net of tax at 17%)	US$	US$	US$	US$
Profit / (loss)	(88,698)	(175,011)	46,712	80,352
other equity	-	-	-	-
	(88,698)	(175,011)	46,712	80,352

(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:

	Company	
	2018	**2017**
	US$	US$
Financial assets:		
Fixed rate	-	-
Floating rate	-	-
	-	-
Financial liabilities:		
Fixed rate *(refer note 12)*	8,278	15,808
Floating rate *(refer note 11 & 13)*	5,159,514	7,051,915
	5,167,792	7,067,723

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: -

Increase of 100 basis point	Financial Assets		Financial liabilities	
	2018	**2017**	**2018**	**2017**
(Net of tax at 17%)	US$	US$	US$	US$
Profit / (loss)	-	-	(42,824)	(58,531)
her equity	-	-	-	
	-	-	(42,824)	(58,531)

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

Decrease of 100 basis point	Financial Assets		Financial liabilities	
	2018	**2017**	**2018**	**2017**
(Net of tax at 17%)	US$	US$	US$	US$
Profit / (loss)	-	-	42,824	58,531
her equity	-	-	-	-
	-	-	42,824	58,531

24. Financial risk management (continued)

24.2 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.

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: -

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
By geographical areas:				
Singapore	695,594	1,549,199	695,594	1,549,199
Thailand	2,206,592	2,396,602	2,186,832	2,196,758
Others	3,098,112	2,576,422	2,226,122	1,891,926
	6,000,298	**6,522,223**	**5,108,548**	**5,637,883**
By types of customers:				
Related parties		-	2,186,832	2,083,382
Non-related parties	6,000,298	6,522,223	2,921,716	3,554,501
	6,000,298	**6,522,223**	**5,108,548**	**5,637,883**

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

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: -

	Group	Company
	2018	2018
	US$	US$
Due 30-180 days	6,000,298	5,108,548
Due > 180 days	-	-
	6,000,298	**5,108,548**

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

	Group	Company
	2018	2018
	US$	US$
Top Customer 1	11,022,550	9,476,366
Top Customer 2	1,705,949	1,705,949
Top Customer 3	1,229,398	1,229,398

24.3 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 5).

24. Financial risk management (continued)

24.3 Liquidity risk (cont'd)

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): -

31st March 2018 **GROUP**	Trade and other payables US$	Hire purchase US$	Term loan US$	Bank Borrowings US$	Total US$
Maturity < 1 year	3,038,424	9,784	6,561,114*	-	9,609,322
Maturity 2 - 5 years				-	
	3,038,424	9,784	6,561,114	-	9,609,322
Variable interest rate	NIL	Refer note 12	Refer note 13	Refer note 11	

COMPANY	Trade and other payables US$	Hire purchase US$	Term loan US$	Bank Borrowings US$	Total US$
Maturity < 1 year	1,019,310	9,784	5,159,514*	-	6,188,608
Maturity 2 - 5 years	-		-	-	-
	1,019,310	9,784	5,159,514	-	6,188,608
Variable interest rate	NIL	Refer note 12	Refer note 13	Refer note 11	

*The Group/Company intends to renew the term loans upon its maturity on rollover basis every 14 days.

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.

24.4 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.

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Net debt	8,931,739	10,774,937	5,974,730	7,888,398
Total equity	1,024,119	786,485	2,892,486	2,437,573
Total capital	9,955,858	11,561,422	8,867,216	10,325,971
Gearing ratio	89.71%	93.20%	67%	76.39%

24. Financial risk management (continued)

24.4 Capital risk (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
Total liability	9,707,635	11,280,018	6,269,286	8,192,337
Tangible net worth	1,024,119	786,485	2,892,486	2,437,573
Leverage ratio (times)	9.48	14.34	2.16	3.36

24.5 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:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) 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

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Group & Company	Level 1		Level 2		Level 3	
	2017	2016	2017	2016	2017	2016
	US$	US$	US$	US$	US$	US$
Financial assets	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-

The fair value measurements are not applicable to the Group and the Company as there are no financial assets or liabilities of the type of levels 1,2 or 3 exists as at the date of statement of financial position.

25. Goodwill

	Group	
	2018	2017
	US$	US$
Beginning of financial year	58,926	58,926
Acquisition / impairment charge during the year	-	-
End of financial year	58,926	58,926

Goodwill is attributed to Thailand subsidiary's acquisition. The Thailand CGU as at statement of financial position date is having positive net worth and is profitable. Goodwill represents its fair value as on the statement of financial position date.

26. 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 Group's accounting periods beginning on or after 1 April 2018 and which the Group has not early adopted:

FRS 109	Financial Instruments (replaces FRS 39 Financial instruments: Recognition & measurement)
FRS 115	Revenue from Contracts with Customers (replaces FRS 11 and FRS 18)
FRS 116	Leases (effective for annual periods beginning on or after 1st January 2019)

27. Authorisation of financial statements

These financial statements of the Company as at 31st March 2018 and for the financial year then ended were authorized and approved for issuance in accordance with a resolution of the Board of Directors of GREENLAM ASIA PACIFIC PTE. LTD. on 14th May 2018.