CLIENT'S COPY

GREENLAM ASIA PACIFIC PTE. LTD. AND ITS SUBSIDIARIES

(Incorporated in The Republic of Singapore)
(Registration Number: 200503703Z)

FINANCIAL STATEMENTS

For the financial year ended 31st March 2017

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

FINANCIAL STATEMENTS
For the financial year ended 31st March 2017

Contents

	Page
Directors' Statement	1 - 2
Independent Auditors' Report	3 – 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9 - 38

DIRECTORS' STATEMENT

For the financial year ended 31st March 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31st March 2017 and the statement of financial position of the Company as at 31st March 2017.

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

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 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 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements;

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and

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

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

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 2017	At 1 April 2016 or date of appointment if later	At 31 March 2017	At 1 April 2016 or date of appointment if later
Saurabh Mittal	-	-	3,206,534	3,306,534
Tham Chin Kuo	-	-		-

DIRECTORS' STATEMENT (CONT'D)

For the financial year ended 31 March 2017

Directors' interests in shares or debentures (cont'd)

	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 2017	At 1 April 2016 or date of appointment if later	At 31 March 2017	At 1 April 2016 or date of appointment if later
Immediate and Ultimate Holding Corporation				
Greenlam Industries Ltd.*	2,778,865	2,778,865	-	-
Directors having interest in immediate and ultimate holding company				
Saurabh Mittal	3,206,534	3,306,534	-	-
Tham Chin Kuo	-	-	-	-

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

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 15 MAY 2017 were the same as those as at 31 March 2017.

Share Options

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

Independent Auditors

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

On behalf of the Board

SAURABH MITTAL	**THAM CHIN KUO**
Managing Director	Director

SINGAPORE
Date: 15 MAY 2017

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

Report on the Audit of Financial Statements

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 2017 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 Statement of Financial Position of the Group as at 31st March 2017;
- the Statement of Financial Position of the Company as at 31st March 2017;
- the consolidated 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 Auditors' 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 The Republic of Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

STAMFORD ASSOCIATES LLP
Public Accountants and
Chartered Accountants, Singapore

SINGAPORE
Date: 15th May 2017

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st March 2017

	Note	GROUP 2017 US$	GROUP 2016 US$	COMPANY 2017 US$	COMPANY 2016 US$
ASSETS					
Current assets					
Amount due from related parties	5	-	-	-	74,287
Inventories	6	2,349,873	4,991,448	2,039,268	3,931,323
Cash and cash equivalents	7	374,097	581,239	187,473	421,662
Trade and other receivables	9	8,032,305	10,529,021	6,870,986	9,165,312
		10,756,275	16,101,708	9,097,727	13,592,584
Non-current assets					
Investment in subsidiaries	4	-	-	320,765	295,727
Property, plant and equipment	8	1,251,303	1,529,193	1,211,418	1,444,253
Goodwill	25	58,926	58,926	-	-
		1,310,229	1,588,119	1,532,183	1,739,980
Total assets		**12,066,504**	**17,689,827**	**10,629,910**	**15,332,564**
LIABILITIES					
Current liabilities					
Trade and other payables	10	(2,826,512)	(2,228,477)	(1,008,148)	(845,713)
Bank Borrowings	11	(1,305,967)	(1,535,152)	(1,305,967)	(1,535,152)
Hire-purchase obligation	12	(9,125)	(15,027)	(9,125)	(15,027)
Term loans – current	13	(6,761,377)	(10,265,901)	(5,506,577)	(10,265,901)
Provision for taxation	21	(65,333)	(5,666)	(50,815)	(5,666)
		(10,968,314)	(14,050,223)	(7,880,632)	(12,667,459)
Non-current liabilities					
Amount due to related parties	5	-	(1,435,300)	-	-
Hire-purchase obligation	12	(6,683)	(16,710)	(6,683)	(16,710)
Term loans – non-current	13	(239,371)	(1,958,415)	(239,371)	(523,115)
Deferred tax	20	(65,651)	(79,132)	(65,651)	(79,132)
		(311,705)	(3,489,557)	(311,705)	(618,957)
Total Liabilities		**(11,280,019)**	**(17,539,780)**	**(8,192,337)**	**(13,286,416)**
NET ASSETS		**786,485**	**150,047**	**2,437,573**	**2,046,148**
EQUITY & RESERVES					
Capital and reserves attributable to equity holders of the Company					
Share Capital	3	2,778,865	2,778,865	2,778,865	2,778,865
Currency translation reserves		329,977	57,471	-	-
Accumulated (losses)		(2,334,715)	(2,696,896)	(341,292)	(732,717)
		774,127	139,440	2,437,573	2,046,148
Non-controlling interest	4a	12,358	10,607	-	-
Total Equity & reserves		**786,485**	**150,047**	**2,437,573**	**2,046,148**

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 2017

	Note	GROUP		COMPANY	
		2017 US$	2016 US$	2017 US$	2016 US$
Revenue	14	32,923,281	34,187,344	26,640,057	29,856,407
Less: Cost of sales	15	(24,919,162)	(25,857,020)	(20,809,761)	(23,744,374)
Gross profit		8,004,119	8,330,324	5,830,296	6,112,033
Add: Other income	16	110,196	97,920	107,318	212,961
		8,114,315	8,428,244	5,937,614	6,324,994
Less: Indirect Expenses					
Depreciation	8	(278,251)	(309,559)	(247,603)	(252,769)
Employee benefits expenses	17	(3,689,234)	(4,577,259)	(2,340,977)	(2,858,834)
Other admin expenses	18	(3,279,547)	(3,892,915)	(2,563,632)	(2,573,063)
Finance costs	19	(428,000)	(623,001)	(365,958)	(581,867)
		(7,675,032)	(9,402,734)	(5,518,170)	(6,266,533)
Total Profit/ (Loss) before income tax		439,283	(974,490)	419,444	58,461
Deferred Tax expense	20	13,481	10,070	13,481	10,070
Income tax expense	21	(88,826)	(15,155)	(66,538)	(7,150)
Profit/ (loss) after tax		**363,938**	**(979,575)**	**366,387**	**61,381**
Profit from discontinued operations		-	-	-	-
Total Profit/ (Loss)		**363,938**	**(979,575)**	**366,387**	**61,381**
Other comprehensive income / (loss):					
Items that may be reclassified subsequently to profit or loss		-	-	-	-
Effect of currency translation on consolidation		272,500	53,665	-	-
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Other comprehensive income/(loss), net of tax		272,500	53,665	-	-
Total Comprehensive Income/ (Loss)		**636,438**	**(925,910)**	**366,387**	**61,381**
Profit/ (Loss) attributable to:					
Equity holders of the Company		362,181	(980,425)	366,387	61,381
Non-controlling interest		1,757	850	-	-
		363,938	**(979,575)**	**366,387**	**61,381**
Total Comprehensive Income/(Loss) attributable to:					
Equity holders of the Company		634,687	(926,760)	366,387	61,381
Non-controlling interest		1,751	850	-	-
		636,438	**(925,910)**	**366,387**	**61,381**

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 2017

	Attributable to equity holders of the Company					
GROUP	**Share Capital** US$	**Currency translation reserve** US$	**Accumulated (Losses)** US$	**Total** US$	**Non-controlling interests** US$	**Total Equity & reserves** US$
Balance as at 31 March 2015	1,778,865	(11,879)	(1,716,471)	50,515	9,840	60,355
Issuance of share capital	1,000,000	-	-	1,000,000	-	1,000,000
Currency Translation Reserve	-	69,350	-	69,350	(83)	69,267
Total comprehensive (loss)	-	-	(980,425)	(980,425)	850	(979,575)
Balance as at 31 March 2016	2,778,865	57,471	(2,696,896)	139,440	10,607	150,047
Issuance of share capital	-	-	-	-	-	-
Currency Translation Reserve	-	272,506	-	272,506	(6)	272,500
Total comprehensive income for the year	-	-	362,181	362,181	1,757	363,938
Balance as at 31 March 2017	**2,778,865**	**329,977**	**(2,334,715)**	**774,127**	**12,358**	**786,485**

	Attributable to equity holders of the Company		
COMPANY	**Share Capital**	**Accumulated Loss**	**Total Equity**
	US$	US$	US$
Balance as at 1 April 2015	1,778,865	(794,098)	984,767
Issuance of share capital	1,000,000	-	1,000,000
Total comprehensive income	-	61,381	61,381
Balance as at 31 March 2016	2,778,865	(732,717)	2,046,148
Issuance of share capital	-	-	-
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**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Year Ended 31st March 2017

	Note	GROUP 2017 US$	GROUP 2016 US$	COMPANY 2017 US$	COMPANY 2016 US$
Cash flows from operating activities					
Total (loss) / profit before tax		438,428	(974,490)	419,444	58,461
Adjustments for:					
- Depreciation expense	8	278,251	309,559	247,603	252,769
- Translation diff. on fixed assets	8	6,690	3,510	-	-
- Translation diff. on consolidation		273,355	69,267	-	-
- Provision for bad debt	9	197,441	-	197,441	-
- Interest paid	19	428,000	623,001	365,958	581,867
		1,622,165	30,847	1,230,446	893,097
Change in working capital, net of effects from acquisition and disposal of subsidiaries:					
- Inventories	6	2,641,575	1,157,938	1,892,056	703,765
- Trade and other receivables	9	2,299,275	1,079,422	2,096,885	1,765,830
- Amount due from/ (to) related parties	5	-	1,435,300	74,287	1,182,880
- Trade and other payables	10	598,035	463,919	162,434	(26,930)
		5,538,885	4,136,579	4,225,662	3,625,545
Cash used in operations		7,161,050	4,167,426	5,456,108	4,518,642
Income tax paid / (refund)	21	(21,389)	(30,256)	(21,389)	(12,514)
Net cash generated by operating activities		7,139,661	4,137,170	5,434,719	4,506,128
Cash flows from investing activities					
Investment in subsidiary	4	-	-	-	-
Proceeds from sale of fixed assets	8	11,462	-	-	-
Additions to fixed assets	8	(24,913)	(92,067)	(14,768)	(80,817)
Net cash (used) in investing activities		(13,451)	(92,067)	(14,768)	(80,817)
		7,126,210	4,045,103	5,419,951	4,425,311
Cash flows from financing activities					
Proceeds from issuance of shares	3	-	1,000,000	-	1,000,000
Repayment of long term advance	5	(1,435,300)	-	-	-
Proceeds from borrowings	11	(229,185)	(4,429,844)	(229,185)	(3,329,368)
Proceeds / (repayment) of term loan	13	(5,223,568)	153,163	(5,043,068)	(1,282,137)
Repayment of finance lease	12	(15,929)	(19,415)	(15,929)	(19,415)
Interest expenses	20	(428,000)	(623,001)	(365,958)	(581,867)
Net cash (used) in financing activities		(7,331,982)	(3,919,097)	(5,654,140)	(4,212,787)
Net increase in cash and cash equivalents		(205,772)	126,006	(234,189)	212,524
Effects of currency translation on consolidation		(1,370)	-	-	-
Cash and cash equivalents at beginning of the financial year	7	581,239	455,233	421,662	209,138
Cash and cash equivalents at end of the financial year	7	**374,097**	**581,239**	**187,473**	**421,662**

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") [Regn.no.200503703Z] is a company incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 11 Sungei Kadut Crescent Singapore 728683.

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, 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.

2.2 Revenue recognition

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

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

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

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

(b) Rendering of service

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

(c) Interest income

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

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(d) Dividend income

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

(e) Rental income

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

2.3 Government grants

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

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

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

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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.

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

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

(b) Transactions with non-controlling interests

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

(c) Associated companies

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

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

(i) Acquisitions

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

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

(ii) Equity method of accounting

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 recognized.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies (continued)

(ii) Equity method of accounting (continued)

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

(iii) Disposals

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

2.5 Property, plant and equipment

(a) Measurement

(i) Land and Buildings

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

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

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

(ii) Other property, plant and equipment

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

(iii) Component of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition.

(b) Depreciation

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

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) Depreciation (continued)

Furniture & fittings	3 years	Office Equipment	3 years
Computers	3 years	Laminates Rakes	8 years
Motor Vehicles	3-6 years	Renovation	15 years
Machineries	3-8 years		
Leasehold building	15 years (remaining useful life: 08 years)		

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

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

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of :

(i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over

(ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) Acquired trademarks and licenses

Trademarks and licenses acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 5 years or estimated useful life, whichever is shorter.

2.7 Investment in subsidiaries, associated companies and joint ventures

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

2. Significant accounting policies (continued)

2.8 Borrowing costs

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

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

2.9 Impairment of non- financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

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

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

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

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

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

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

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

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2. Significant accounting policies (continued)

2.10 Financial assets

(a) Classification

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

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

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

(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 9) on the statement of financial position.

(iii) Held-to-maturity financial assets

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

(iv) Available-for-sale financial assets

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

(b) Recognition & Derecognition

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

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

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

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(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.

(ii) Available-for-sale financial assets

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

(f) Offsetting financial instruments

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

2. Significant accounting policies (continued)

2.11 Financial liabilities

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

2.12 Financial guarantees

As and when the subsidiary company requires, the Company may issue corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

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

Intra-group transactions are eliminated on consolidation.

2.13 Borrowings

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

(a) Borrowings

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

(b) Redeemable preference shares

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

2.14 Leases

(a) When the *Group is the lessee:*

The Group leases land, motor vehicles and certain plant and machinery under finance leases and land, factories and warehouses under operating leases from non-related parties.

(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.

2. Significant accounting policies (continued)

2.14 Leases (continued)

(a) When the Group is the lessee (continued)

(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:

The Group leases equipment under finance leases and investment properties under operating leases to non-related parties.

(i) Lessor – Finance leases

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

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

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

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

(ii) Lessor – Operating leases

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

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

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

2.15 Inventories

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

2. Significant accounting policies (continued)

2.16 Income taxes

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

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

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

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

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.

2.17 Provisions

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

2.18 Employee Compensation

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

(a) Defined contribution plans

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

(b) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) 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)

2.19 Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognized in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognized in other comprehensive income and accumulated in the currency translation reserve.

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

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

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

(c) Translation of Group entities' financial statements

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

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

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

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

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

2.20 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.

2.21 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)

2.22 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.

2.23 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.

2.24 Share capital

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

3. Share capital

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

4. Investment in Subsidiaries

	Company	
	2017 US$	**2016** US$
Equity Investment – At cost	**586,124**	**561,086**
Movements in investments:		
Beginning of the financial year	561,086	561,086
Acquisition during the year	-	-
Disposals during the year	-	-
Prior period adjustment (exchange variance)	25,038	-
Impairment loss *	(265,359)	(265,359)
End of the financial year	320,765	295,727

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

4. Investment in subsidiaries

Details of investment in subsidiaries held by the Company:

The Group had the following subsidiaries as at 31 March 2017 and 2016:

Name of subsidiary	Principal activities	Country	Cost of investment		Equity holding	
			2017 US$	2016 US$	2017 %	2016 %
Greenlam Asia Pacific (Thailand) Company Limited (GAPT)*	Wholesale of sawn timber, plywood, decorative laminates and related products	Thailand	57,872	57,872	97.5	97.5
Greenlam Holding Company Limited - Thailand (GHT)*	Investment holdings	Thailand	15,394	15,394	99	99
PT Greenlam Asia Pacific - Indonesia **	Cutting of laminate sheets, making catalogues and cutting of laminates into samples	Indonesia	247,500	222,462	99	99
Greenlam Europe (UK) Ltd ***	Wholesale of decorative laminates	Europe	265,358	265,358	100	100
			586,124	**561,086**		

*Audited by Luck CPA Co. Ltd., Bangkok, Thailand.
**Not required to be audited under the laws of the country of incorporation.
***Audited by CURO Professional Services Limited, Bromsgrove, U.K.

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

4a. Non-controlling interest

Subsidiary (shareholding %)	NCI (%)	NCI Share (US$)			
		As at 01/04/16	Current year profit / (loss) share	Translation difference	As at 31/03/17
Greenlam Asia Pacific (Thailand) Co. Ltd. (97.5%)	2.5%	7,518	2011	3	9,532
Greenlam Holding Company Limited (99%)	1%	148	(7)	1	142
PT Greenlam Asia Pacific – Indonesia (99%)	1%	2,941	(247)	(10)	2,684
Grenlam Europe UK Ltd. (100%)	-	-	-		
TOTAL NCI SHARE (US$)		**10,607**	**1,757**	**(6)**	**12,358**

5. Amount due from / (to) related parties

	Company	
	2017 US$	2016 US$
Current		
Amount due from subsidiary (Non-trade)	-	74,287

5. Amount due from / (to) related parties (cont'd)

	Group	
	2017	2016
Non-current	US$	US$
Amount due (to) ultimate holding company (Non-trade loan)	-	(1,435,300)

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

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

6. Inventories

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Finished goods	1,990,727	4,519,703	1,981,200	3,663,623
Goods-in-transit	359,146	471,745	58,068	267,700
	2,349,873	4,991,448	2,039,268	3,931,323

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. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Cash in hand	4,531	7,748	1,640	1,094
Cash at bank	369,566	573,491	185,833	420,568
Cash and cash equivalents per statement of cash flows	374,097	581,239	187,473	421,662

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	
	2017	2016	2017	2016
	US$	US$	US$	US$
US Dollars	4,191	234,051	4,191	234,051
Singapore dollars	97,177	74,544	91,859	70,929
HK dollars	25,548	4,241	25,548	4,241
Taiwan Dollars	39,457	26,713	39,457	26,713
Malaysian Ringgit	26,418	85,728	26,418	85,728
Thailand Baht	107,165	49,688	-	-
Indonesian Rupiah	3,520	3,392	-	-
Great Britain Pound	62,941	98,488	-	-
Euros	7,680	4,394	-	-
	374,097	581,239	187,473	421,662

8. Property, plant and equipment

Group	Computers US$	Leasehold Building** US$	Machineries US$	Renovation US$	Furniture & fittings US$	Laminates rakes US$	Office equipment US$	Motor vehicles* US$	Total US$
As at 31 March 2017									
Cost									
Beginning of financial year (NBV)	84,878	1,043,017	81,890	386,922	86,379	43,373	84,070	31,733	1,842,262
Additions	9,065	-	13,055	-	2,224	-	569	-	24,913
Disposals	-		(18,199)	(10,457)	(22,947)	-	-	-	(51,603)
End of financial year	93,943	1,043,017	76,746	376,465	65,656	43,373	84,639	31,733	1,815,572
Accumulated depreciation									
Beginning of financial year	34,365	112,800	20,712	43,423	35,086	11,527	36,400	15,246	309,559
Depreciation charge	29,092	112,800	23,544	41,184	22,723	10,734	25,446	12,728	278,251
Disposals	-	-	(14,470)	(5,925)	(9,836)	-	-	-	(30,231)
	63,457	225,600	29,786	78,682	47,973	22,261	61,846	27,974	557,579
Currency Translation Differences	(950)	-	1,392	610	2,616	-	2,870	152	6,690
End of financial year	62,507	225,600	31,178	79,292	50,589	22,261	64,716	28,126	564,269
Depreciation charge for 2016	34,365	112,800	20,712	43,423	35,086	11,527	36,400	15,246	309,559
Net book value									
As at 31st March 2017	**31,436**	**817,417**	**45,568**	**297,173**	**15,067**	**21,112**	**19,923**	**3,607**	**1,251,303**
As at 31st March 2016	49,788	930,217	60,472	343,349	49,915	31,846	47,231	16,375	1,529,193

*Motor Vehicles with NBV of US$NIL/- {2016: US$11,614/-} included in above balance was bought under hire purchase (Note 12).

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

8. Property, plant and equipment (continued)

Company	Computers	Leasehold Building**	Machineries	Renovation	Furniture & fittings	Laminates rakes	Office equipment	Motor vehicles*	Total
As at 31 March 2017	US$	US$	US$	US$	US$	US$	US$	US$	US$
Cost									
Beginning of financial year	73,719	1,043,017	22,419	379,192	41,651	43,373	67,879	25,772	1,697,022
Additions	3,956	-	8,588		2,224		-		14,768
Disposals	-	-	-	-	-	-	-	-	-
End of financial year	77,675	1,043,017	31,007	379,192	43,875	43,373	67,879	25,772	1,711,790
Accumulated depreciation									
Beginning of financial year	28,911	112,800	1,449	41,010	15,582	11,527	27,332	14,158	252,769
Depreciation charge	25,292	112,800	8,541	41,010	14,843	10,733	22,770	11,614	247,603
Disposals	-	-	-	-	-	-	-	-	-
End of financial year	54,203	225,600	9,990	82,020	30,425	22,260	50,102	25,772	500,372
Depreciation charge for 2016	28,911	112,800	1,449	41,010	15,582	11,527	27,332	14,158	252,769
Net book value									
As at 31st March 2017	**23,472**	**817,417**	**21,017**	**297,172**	**13,450**	**21,113**	**17,777**	**-**	**1,211,418**
As at 31st March 2016	44,808	930,217	20,970	338,182	26,069	31,846	40,547	11,614	1,444,253

*Motor Vehicles with NBV of US$NIL/-{2016: US$ 11,614/-} was bought under hire purchase (Note 12).

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

9. Trade and Other Receivables

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Trade receivables:				
- Third parties	6,719,664	7,543,745	3,751,942	3,965,347
- Related parties (subsidiaries)	-	-	2,083,382	2,375,687
	6,719,664	7,543,745	5,835,324	6,341,034
Less: - Provision for doubtful debts		-		-
Current year provision	(197,441)	-	(197,441)	-
Balance at 31 March	6,522,223	7,543,745	5,637,883	6,341,034
Other receivables				
Deposits:				
- Rental	54,354	36,611	15,159	19,709
- Others	36,505	63,766	36,505	50,581
Prepayments	377,972	527,257	263,646	465,221
Advances:				
- Staff advances	3,933	8,934	3,935	8,279
- Deposit to vendors	944,606	2,260,874	855,218	2,225,129
GST receivables	87,478	79,224	58,640	55,359
Others	5,234	8,610	-	-
	1,510,082	2,985,276	1,233,103	2,824,278
Total trade & other receivables	**8,032,305**	**10,529,021**	**6,870,986**	**9,165,312**

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

The trade debtors are denominated in the following currencies: -

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
United States Dollars	4,027,382	4,836,135	3,827,538	4,544,110
Singapore dollars	1,549,330	1,480,753	1,549,330	1,480,753
Hong Kong Dollars	49,387	68,562	49,387	68,562
Malaysian Ringgit	131,655	133,574	131,655	133,574
Taiwan Dollars	79,973	114,035	79,973	114,035
Great Britain Pound	684,496	910,686	-	-
	6,522,223	7,543,745	5,637,883	6,341,034

The other debtors are denominated in the following currencies: -

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
United States Dollars	1,118,161	2,370,704	1,118,163	2,370,704
Singapore dollars	51,949	453,008	43,062	443,809
Hong Kong Dollars	7,241	96	7,241	96
Taiwan Dollars	63,797	6,054	63,797	6,054
Thailand Baht	201,301	119,861	-	782
Great Britain Pound	66,793	32,720	-	-
Others	840	2,833	840	2,833
	1,510,082	2,985,276	1,233,103	2,824,278

10. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
Trade payables:	US$	US$	US$	US$
- Ultimate Holding company	2,271,171	1,648,864	511,272	473,674
- Related parties	-	-	191,593	200,255
Balance at 31 March	2,271,171	1,648,864	702,865	673,929
Other payables:				
Accrued expenses	47,484	32,647	47,484	-
Advances received from customers	13,225	20,155	13,225	20,155
Payables to staff	11	4,256	11	4,085
Other creditors	494,621	520,981	244,563	147,544
Interest payable (ultimate holding co.)	-	1,574	-	-
	555,341	579,613	305,283	171,784
Total trade & other payables	**2,826,512**	**2,228,477**	**1,008,148**	**845,713**

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

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

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
US Dollars	548,153	574,770	548,153	574,770
Singapore dollars	269,343	73,300	457,366	269,470
Thailand Baht	171,360	223,669	-	-
Indonesian rupiah	7,378	5,928	-	-
Malaysian Ringgit	995	-	995	-
Hong Kong Dollars	195	196	195	196
Taiwan dollars	1,439	1,277	1,439	1,277
Great Britain Pound	1,827,649	1,349,337	-	-
	2,826,512	2,228,477	1,008,148	845,713

11. Bank Borrowings

	Group		Company	
	2017	2016	2017	2016
Current:	US$	US$	US$	US$
Short term trade facilities* (including TR/LC/FBP etc.)	1,305,967	1,535,152	1,305,967	1,535,152

The bank overdraft bears an interest rate at 1% p.a. above the PLR (Prime Lending Rate) (2016: 1.5 %).

*The rate of interest payable on Bills –TR/ LC-DP to bank is COF plus 2.25% (2016: 2.75%) p.a. The Bank COF interest rate in 31 March 2017 was 1.3184%. (2016: 0.6536%). The other bank borrowings FBN (foreign bills negotiation), FBP (foreign bills purchased) bear interest rate at Cost of Fund (COF) plus 2.5% (2016: 2.5 %) p.a. The rate of interest payable on SBLC backed borrowing is LIBOR plus 1% p.a. (2016: 1%).

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	
	2017	2016	2017	2016
	US$	US$	US$	US$
Hire purchase obligation	19,285	38,353	19,285	38,353
Interest on hire-purchase	(3,477)	(6,616)	(3,477)	(6,616)
	15,808	31,737	15,808	31,737

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

Payable within one year	9,125	15,027	9,125	15,027
Payable after one year	6,683	16,710	6,683	16,710
	15,808	31,737	15,808	31,737

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$1,909 /- (2016: US$3,186/-) and payable after one year is US$1,568/- (2016: US$3,430/-).

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	
	2017	2016	2016	2015
	US$	US$	US$	US$
Long term working capital loan	492,294	2,191,677	492,294	756,377
Short term money market facility	6,508,454	10,032,639	5,253,654	10,032,639
	7,000,748	12,224,316	5,745,948	10,789,016

The maturity period of above term loans is as below:

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Payable within one year	6,761,377	10,265,901	5,506,577	10,265,901
Payable after one year	239,371	1,958,415	239,371	523,115
	7,000,748	12,224,316	5,745,948	10,789,016

The long-term working capital loan carries interest rate of 3 months COF + 2.5% p.a. Current COF is 0.9591%. The short-term money market facility bears an interest rate of COF+2.75% p.a.

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

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
US dollars	5,253,654	10,032,639	5,253,654	10,032,639
Singapore dollars	492,294	756,377	492,294	756,377
Great Britain Pounds	1,254,800	1,435,300	-	-
	7,000,748	12,224,316	5,745,948	10,789,016

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 2016 was US$40.86 million (INR 2,644.9 million).

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

14. Revenue

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Sale of goods	32,923,281	34,187,344	26,640,057	29,856,407

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.

15. Cost of sales

The cost of sales comprises of the following: -

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Cost of sales (change in inventory, purchases, freight & other incidental costs)	24,919,162	25,857,020	20,809,761	23,744,374

16. Other income

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Miscellaneous income	20,330	8,082	17,466	67,622
Government grants	71,130	79,521	71,130	79,521
Interest income	18,736	10,317	18,722	65,818
	110,196	97,920	107,318	212,961

17. Employee benefit expenses

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Wages and salaries	2,998,270	3,628,193	1,957,801	2,323,552
Employer's contribution to defined contribution plans	182,227	230,765	132,389	159,022
Other benefits	508,737	718,301	250,787	376,260
	3,689,234	4,577,259	2,340,977	2,858,834

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: -

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Salaries, bonus & allowances:				
- Directors	-	-	-	-
- Chief Operating Officer/Country Head	468,828	467,154	201,941	213,513
Employer's contribution to defined contribution plans:				
- Directors	-	-	-	-
- Chief Operating Officer/Country Head	7,119	18,187	-	11,363
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	475,947	485,341	201,941	224,876

18. Other admin expenses

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Rates & Taxes	33,493	85,741	23,833	23,849
Insurance charges	14,132	22,883	10,975	10,384
Printing & Stationery	24,214	26,739	13,629	13,908
Postage & Telephone	93,786	120,745	51,494	73,548
Travelling expenses	148,332	234,728	118,607	174,961
Conveyance	209,873	230,424	101,096	80,368
Electricity	44,039	52,096	16,445	17,511
Legal & professional fees	284,324	334,218	26,880	38,751
Vehicle expenses	26,543	28,716	26,543	28,716
Commission	105,740	53,280	105,740	53,280
Membership fee	-	680	-	680
Assets Discarded	9,910	-	-	-
Bank charges	138,332	363,875	133,259	355,859
Auditors remuneration	40,814	42,718	30,683	31,819
Sales promotion expenses	1,356,146	1,297,514	1,162,139	1,105,223
Repairs & maintenance	42,252	53,696	19,554	35,923
General expenses	46,123	54,164	19,797	21,074
Rebates & claims	167,922	205,058	191,502	159,210
Retainer Fees	10,408	16,558	10,408	16,558
Testing Fee	2,140	-	2,140	-
Rent	264,794	445,578	181,176	299,840
Management Fee	-	-	120,000	-
License Fee	4,186	5,644	-	-
Bad Debts	197,441	34,741	197,441	-
Non-deductible expense	1,380	1,499	-	-
Custom's Duty	-	1,133	-	-
Unrealised forex loss/ (gain)	(100,330)	35,155	(33,540)	(67,081)
Realised forex loss/ (gain)	113,553	145,332	33,831	98,682
	3,279,547	3,892,915	2,563,632	2,573,063

19. Finance expenses

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Interest expense:				
- Bank borrowings	397,266	621,347	365,958	581,867
- Loan from GIL	30,734	1,654	-	-
	428,000	623,001	365,958	581,867

20. Deferred taxation

Movement in deferred income tax account is as follows: -

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Balance as at 1 April	79,132	89,202	79,132	89,202
Current year provision /(reversal)	(13,481)	(10,070)	(13,481)	(10,070)
Balance at 31 March	65,651	79,132	65,651	79,132

21. Income taxes

Movement in current income tax liabilities

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Balance as at 1 April	5,666	20,765	5,666	11,030
Current tax expense	65,333	5,666	50,815	5,666
Prior year under provision	15,723	9,491	15,723	1,484
Income tax refund/ (paid)	(21,389)	(30,256)	(21,389)	(12,514)
Balance as at 31 March	65,333	5,666	50,815	5,666

21. 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	
	2017	2016	2017	2016
	US$	US$	US$	US$
Profit/(Loss) before tax	438,428	(974,490)	419,444	58,461
Tax calculated at 17% (2016: 17%)	74,533	(165,663)	71,305	9,939
Effects of:				
- expenses not deductible	47,403	194,738	42,153	19,138
- income not subject to tax	(12,429)	-	(12,429)	-
- capital allowances	(13,525)	(5,705)	(13,525)	(5,705)
- prior year under provision	29,533	9,491	15,723	1,484
- tax exemptions & rebates	(36,689)	(17,706)	(36,689)	(17,706)
Tax expense	88,826	15,155	66,538	7,150

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	
	2017	2016	2017	2016
I. Holding company:	US$	US$	US$	US$
Greenlam Industries Ltd.				
- purchase	20,611,046	23,519,453	17,247,793	22,072,995
- Trade amount due	(2,271,171)	(1,648,864)	(511,272)	(473,674)
- Non-trade amount due	-	(1,436,874)	-	-
II. Subsidiary companies:				
Greenlam Asia Pacific (Thailand) Co.				
- sales	-	-	9,302,166	10,595,231
- trade receivables	-	-	2,083,382	2,375,687
- non-trade transactions	-	-	-	-
- management fees	-	-	(120,000)	60,000
PT Greenlam Asia Pacific, Indonesia				
- trade payables	-	-	(191,593)	(200,255)
- sales promotion expenses	-	-	189,080	279,935
Greenlam Europe Ltd. (U.K.)				
- Purchases		-	155,782	-
- non-trade receivables	-	-	-	74,287
III. Representative office / Branch office/ Marketing office, etc.				
EXPENSES				
Indonesia	136,833	167,888	136,833	167,888
Hong Kong	319,377	382,828	319,377	382,828
China	1,192	22,393	1,192	22,393
Vietnam	50,854	71,256	50,854	71,256
Malaysia	203,809	155,233	203,809	155,233
Taiwan	202,388	243,465	202,388	243,465
Philippines	74,513	75,848	74,513	75,848
Myanmar	40,806	46,193	40,806	46,193
IV. Key management personnel	475,947	485,341	201,941	224,876

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 2017, 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 9 and 10 respectively.

23. Contingencies & commitments

23.1 Contingent liabilities

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

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

	Group & Company	
	2017	2016
	US$	US$
Letter of credits, etc.	402,677	233,745

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.

23.3 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	
	2017	2016	2017	2016
	US$	US$	US$	US$
Not later than 1 year	95,993	169,577	56,409	102,845
Between one and five years	17,217	170,012	7,321	69,979
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 2016

Financial assets:	SGD	OTHERS	Total
	US$	US$	US$
Cash and cash equivalent	91,859	91,423	183,282
Trade receivables	1,549,330	261,015	1,810,345
Other receivables	43,062	71,878	114,940
Amount due from related parties	-	-	-
Total	1,684,251	424,316	2,108,567

24. Financial risk management (cont'd)

24.1 Market risk (cont'd)

(a) Currency risk (cont'd)

Financial liabilities	SGD	OTHERS	Total
	US$	US$	US$
Trade & other payables	457,366	2,629	459,995
Amount due to related parties	-	-	-
Borrowings & term loans	492,294	-	492,294
Hire purchase obligations	15,808	-	15,808
Total	965,468	2,629	968,097

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:

Foreign currency impact	Financial Assets		Financial liabilities	
	2017	2016	2017	2016
(Net of tax at 17%)	US$	US$	US$	US$
Profit / (loss)	175,011	202,363	(80,352)	(87,902)
other equity	-	-	-	-
	176,655	202,363	(81,190)	(87,902)

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)	(175,011)	(202,363)	80,352	87,902
other equity				
	(176,655)	(202,363)	81,190	87,902

(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	
At 31 March 2017	2017	2016
	US$	US$
Financial assets:		
Fixed rate *(refer note 5)*	-	-
Floating rate	-	-
	-	-
Financial liabilities:		
Fixed rate *(refer note 12)*	15,808	31,737
Floating rate *(refer note 11 & 13)*	7,051,915	12,324,168
	7,067,723	12,355,905

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: -

24. Financial risk management (continued)

24.1 Market risk (continued)

(b) Interest rate risk (continued)

Increase of 100 basis point	Financial Assets		Financial liabilities	
	2017	2016	2017	2016
(Net of tax at 17%)	US$	US$	US$	US$
Profit / (loss)	-	-	(58,531)	(102,290)
her equity	-	-	-	-
	-	-	(58,531)	(102,290)

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	
	2017	2016	2017	2016
(Net of tax at 17%)	US$	US$	US$	US$
Profit / (loss)	-	-	58,531	102,290
her equity	-	-	-	-
	-	-	58,531	102,290

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	
	2017	2016	2017	2016
	US$	US$	US$	US$
By geographical areas:				
Singapore	1,549,199	1,775,150	1,549,199	1,775,150
Thailand	2,396,602	2,819,036	2,196,758	2,527,011
Others	2,576,422	2,949,559	1,891,926	2,038,873
	6,522,223	7,543,745	5,637,883	6,341,034
By types of customers:				
Related parties	-	-	2,083,382	2,375,687
Non-related parties	6,522,223	7,543,745	3,554,501	3,965,347
	6,522,223	7,543,745	5,637,883	6,341,034

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

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

24. Financial risk management (continued)

24.2 Credit risk (cont'd)

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

	Group 2017 US$	Company 2017 US$
Due 30-180 days	6,522,221	5,637,883
Due > 180 days	-	-
	6,522,221	5,637,883

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

	Group 2017 US$	Company 2017 US$
Top Customer 1	10,638,315	9,187,504
Top Customer 2	1,596,272	1,596,272
Top Customer 3	1,310,450	1,310,450

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 7).

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

GROUP	Trade and other payables US$	Hire purchase US$	Term loan US$	Bank Borrowings US$	Total US$
Maturity < 1 year	2,826,512	11,034	6,761,377	1,305,967	10,904,890
Maturity 2 - 5 years	-	8,251	239,371	-	247,622
	2,826,512	19,285	7,000,748	1,305,967	11,152,512
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	1,008,148	11,034	5,506,577	1,305,967	7,831,726
Maturity 2 - 5 years	-	8,251	239,371	-	247,622
	1,008,148	19,285	5,745,948	1,305,967	8,079,348
Variable interest rate	NIL	Refer note 12	Refer note 13	Refer note 11	

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. Financial risk management (continued)

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	
	2017	2016	2017	2016
	US$	US$	US$	US$
Net debt	10,774,937	16,873,743	7,888,398	12,779,956
Total equity	786,485	150,047	2,437,573	2,046,148
Total capital	11,561,422	17,023,790	10,325,971	14,826,104
Gearing ratio	93.20%	99.12%	76.39%	86.20%

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

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Total liability	11,280,018	17,539,780	8,192,337	13,286,416
Tangible net worth	786,485	150,047	2,437,573	2,046,148
Leverage ratio (times)	14.34	116.90	3.36	6.50

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$
Assets:						
Financial assets at FVTPL/Derivatives/AFS	-	-	-	-	-	-
Liabilities:						
Financial assets at FVTPL/Derivatives/AFS	-	-	-	-	-	-

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

24. Financial risk management (continued)

24.5 Fair value measurements (continued)

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

The following table presents the changes in Level 3 instruments:

	Derivatives		Available-for-sale financial assets		Contingent consideration	
Group & Company	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	US$	US$	US$	US$	US$	US$
Beginning of financial year	-	-	-	-	-	-
Transfers / purchases	-	-	-	-	-	-
Fair value gains/ (loss)						
End of financial year	-	-	-	-	-	-
Total gains/ (losses) for the period included in P/L	-	-	-	-	-	-

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

25. Goodwill

	Group	
	2017	**2016**
	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 represents its fair value as on the statement of financial position date.

26. Critical accounting estimates, assumptions and judgments

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

26.1 Critical accounting estimates and assumptions

(a) Estimated impairment of non-financial assets

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

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

26.1 Critical accounting estimates and assumptions (continued)

(b) Uncertain tax positions

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

(c) Impairment of loans and receivables

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

26.2 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.

27. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 March 2017 and which the Company has not early adopted:

FRS 115	Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)
FRS 109	Financial instruments (effective for annual periods beginning on or after 1 January 2018)
FRS 116	Leases (effective for annual periods beginning on or after 1 January 2019)

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

28. Authorization of the financial statements

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Greenlam Asia Pacific Pte. Ltd. on 15th May 2017.