

**GREENLAM ASIA PACIFIC PTE. LTD.
AND ITS SUBSIDIARIES**

(ACRA REGISTRATION NO. 200503703Z)

(Incorporated in The Republic of Singapore)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019**

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019**

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31st March 2019 and the statement of financial position of the Company as at 31st March 2019.

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

- the accompanying statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 5 to 36 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 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements;
- at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they fall due; and
- 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 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
Sharma Vaibhav

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

- 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	
	At 31 March 2019	At 1 Apr 2018 or date of appointment if later	At 31 March 2019	At 1 Apr 2018 or date of appointment if later
<i>No. of ordinary shares</i>				
<i>Directors</i>				
Saurabh Mittal	-	-	3,206,534	3,206,534
Tham Chin Kuo	-	-	-	-
Sharma Vaibhav	-	-	-	-
<i>Immediate and Ultimate Holding Company</i>				
Greenlam Industries Ltd.	2,778,865	2,778,865	-	-
<i>Directors having interest in immediate and ultimate holding company.</i>				
Saurabh Mittal	3,206,534	3,206,534	-	-
Tham Chin Kuo	-	-	-	-
Sharma Vaibhav	-	-	-	-

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

DIRECTORS' STATEMENT (CONT'D)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

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

- (b) The directors' interest in the ordinary shares of the Company as at **14 MAY 2019** were the same as those as at 31st March 2019.

SHARE OPTIONS

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

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

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

INDEPENDENT AUDITORS

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

On behalf of the Board

.....
Saurabh Mittal
Director


.....
Tham Chin Kuo
Director

Singapore.

Date: **14 MAY 2019**



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GREENLAM ASIA PACIFIC PTE. LTD.
(REGISTRATION NO. 200503703Z)
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019

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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of financial position of the Group as at 31st March 2019;
- the statement of financial position of the Company as at 31st March 2019;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

Independence

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

Our Audit Approach

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

Other information

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

Responsibilities of Management and Directors for the Financial Statements

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



INDEPENDENT AUDITOR'S REPORT (CONT'D)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Other matters

We draw attention to the Note No.2.23. The auditors of one of the subsidiaries of the Company namely 'Greenlam Europe UK Ltd.' has issued an unmodified audit opinion with an 'Emphasis of matter' paragraph with respect to the Going Concern issue of that subsidiary.

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


STAMFORD ASSOCIATES LLP
Public Accountants and
Chartered Accountants, Singapore

Place : Singapore
Date : 14th May 2019

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2019**

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
ASSETS			
Non-current assets			
Investment in subsidiaries	8	231,294	297,961
Property, plant and equipment	9	839,300	1,016,677
Financial assets FVOCI	10	-	-
Total Non - Current assets		1,070,594	1,314,638
Current assets			
Cash and cash equivalents	5	85,725	212,372
Inventories	6	1,300,479	1,172,709
Trade and other receivables	7	4,502,701	6,462,053
Contract asset	15	-	-
Total Current Assets		5,888,905	7,847,134
TOTAL ASSETS		6,959,499	9,161,772
LIABILITIES			
Non - Current liabilities			
Deferred tax	16	(2,976)	(7,261)
Total Non - Current Liabilities		(2,976)	(7,261)
Current liabilities			
Trade and other payables	11	(240,609)	(1,019,310)
Bank borrowings	12	(618,770)	-
Hire-purchase obligation	13	-	(8,278)
Term loans	14	(2,201,470)	(5,159,514)
Contract liability	15	(2,336)	-
Provision for taxation	17	(192,380)	(74,923)
Total Current Liabilities		(3,255,565)	(6,262,025)
Total Liabilities		(3,258,541)	(6,269,286)
NET ASSETS		3,700,958	2,892,486
EQUITY & RESERVES			
<i>Capital and reserves attributable to equity holders of the Company</i>			
Share Capital	4	2,778,865	2,778,865
Accumulated profits		922,093	113,621
TOTAL EQUITY & RESERVES		3,700,958	2,892,486

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2019**

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
ASSETS			
Non-current assets			
Property, plant and equipment	9	942,700	1,051,148
Financial assets FVOCI	10	-	-
Goodwill	28	58,926	58,926
Total Non - Current assets		1,001,626	1,110,074
Current assets			
Cash and cash equivalent	5	582,464	676,077
Inventories	6	1,909,458	1,325,689
Trade and other receivables	7	5,957,246	7,619,914
Contract asset	15	-	-
Total Current Assets		8,449,168	9,621,680
TOTAL ASSETS		9,450,794	10,731,754
LIABILITIES			
Non - Current liabilities			
Deferred tax	16	(2,976)	(7,261)
Total Non - Current Liabilities		(2,976)	(7,261)
Current liabilities			
Trade and other payables	11	(3,123,948)	(3,038,424)
Bank borrowings	12	(618,770)	-
Hire-purchase obligation	13	-	(8,278)
Term loans	14	(3,513,270)	(6,561,114)
Contract liability	15	(2,336)	-
Provision for taxation	17	(194,004)	(92,558)
Total Current Liabilities		(7,452,328)	(9,700,374)
Total Liabilities		(7,455,304)	(9,707,635)
NET ASSETS		1,995,490	1,024,119
EQUITY & RESERVES			
<i>Capital and reserves attributable to equity holders of the Company</i>			
Share Capital	4	2,778,865	2,778,865
Accumulated (losses)		(1,053,489)	(1,906,552)
Currency translation reserves	18	255,873	137,311
		1,981,249	1,009,624
Non-controlling interest	8A	14,241	14,495
TOTAL EQUITY & RESERVES		1,995,490	1,024,119

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019**

	Note	2019 US\$	2018 US\$
Revenue	19	24,042,803	24,736,316
Cost of revenue	20	(18,470,323)	(19,162,052)
Gross profit		5,572,480	5,574,264
Other income	21	21,520	15,795
		5,594,000	5,590,059
Less :			
Depreciation	9	(190,175)	(220,531)
Employee benefit expenses	22	(2,254,785)	(2,408,084)
Administrative & Other operating expenses	23	(1,911,594)	(2,179,999)
		(4,356,554)	(4,808,614)
Profit from operations		1,237,446	781,445
Finance costs	24	(166,074)	(279,964)
Profit before tax		1,071,372	501,481
Deferred tax	16	4,285	58,390
Income tax Expense	17	(196,440)	(82,154)
Profit after tax		879,217	477,717
Profit / (loss) from discontinued operations		-	-
Total Income		879,217	477,717
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Impairment loss on investment in subsidiary	8	(66,667)	(22,804)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value (loss) on Financial assets FVOCI	10	(4,078)	-
Other comprehensive income, net of tax		(70,745)	(22,804)
Total Comprehensive income		808,472	454,913

(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 2019**

	Note	2019 US\$	2018 US\$
Revenue	19	31,866,170	30,795,893
Cost of Revenue	20	(23,557,526)	(22,745,095)
Gross profit		8,308,644	8,050,798
Other income	21	29,752	17,534
		8,338,396	8,068,332
Less :			
Depreciation	9	(206,287)	(238,761)
Employee Benefits Expenses	22	(3,788,913)	(3,865,065)
Administrative & Operating expenses	23	(3,095,424)	(3,180,196)
		(7,090,624)	(7,284,022)
Profit from operations		1,247,772	784,310
Finance costs	24	(190,992)	(302,472)
Profit before tax		1,056,780	481,838
Deferred tax	16	4,285	58,390
Income tax Expense	17	(203,904)	(110,341)
Profit after tax		857,161	429,887
Profit / (loss) from discontinued operations		-	-
Total Income		857,161	429,887
<u>Other comprehensive income:</u>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Effects of currency translation on consolidation		118,288	(192,253)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value (loss) on Financial assets FVOCI	10	(4,078)	-
Other comprehensive income, net of tax		114,210	(192,253)
Total Comprehensive income		971,371	237,634
Profit attributable to :			
Equity holders of the Company		857,141	428,163
Non-controlling interest		20	1,724
		857,161	429,887
Total Comprehensive Income attributable to :			
Equity holders of the Company		971,625	235,497
Non-controlling interest		(254)	2,137
		971,371	237,634

(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 2019**

COMPANY	Attributable to equity holders of the Company	
	Share Capital US\$	Accumulated Profits US\$
Balance as at 31 March 2017	2,778,865	(341,292)
Total comprehensive income	-	454,913
Balance as at 31 March 2018	2,778,865	113,621
Total comprehensive income	-	808,472
Balance as at 31 March 2019	2,778,865	922,093
		Total Equity US\$
		2,437,573
		454,913
		2,892,486
		808,472
		3,700,958

GROUP	Attributable to equity holders of the Company		Attributable to equity holders of the Company	
	Share Capital US\$	Retained Earnings US\$	Translation Reserve US\$	Total US\$
Balance as at 31 March 2017	2,778,865	(2,334,715)	329,977	774,127
Currency translation reserve	-	-	(192,666)	(192,666)
Total comprehensive income	-	428,163	-	428,163
Balance as at 31 March 2018	2,778,865	(1,906,552)	137,311	1,009,624
Currency translation reserve	-	-	118,562	118,562
Fair value (loss) on Financial assets FVOCI	-	(4,078)	-	(4,078)
Total comprehensive income	-	857,141	-	857,141
Balance as at 31 March 2019	2,778,865	(1,053,489)	255,873	1,981,249
				Non-controlling interests US\$
				12,358
				413
				1,724
				14,495
				(274)
				-
				20
				14,241
				Total Equity & reserves US\$
				786,485
				(192,253)
				429,887
				1,024,119
				118,288
				(4,078)
				857,161
				1,995,490

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
<u>Cash flows from operating activities</u>			
Profit before tax		1,071,372	501,481
Adjustments for non-cash & non-operating items:			
- Depreciation	9	190,175	220,531
- Provision for bad debts / bad debts written off	23	2,023	63,417
- Fixed assets written off	9	-	1,097
- Interest paid	24	166,074	279,964
- Interest income	21	(46)	(3,793)
- Sundry balances written back	21	(4,078)	-
		354,148	561,216
Cash flows before changes in working capital		1,425,520	1,062,697
Change in working capital:			
- Inventories	6	(127,770)	866,559
- Trade and other receivables	7	1,957,329	345,516
- Trade and other payables	11	(778,701)	11,162
- Contract liability / Contract asset	15	2,336	-
		1,053,193	1,223,237
Cash flows after changes in working capital		2,478,713	2,285,934
Tax paid	17	(78,983)	(58,046)
Net cash flows from Operating activities		2,399,730	2,227,888
<u>Cash flows from investing activities</u>			
Additions to fixed assets	9	(12,798)	(26,887)
Net cash flows from investing activities		(12,798)	(26,887)
		2,386,932	2,201,001
<u>Cash flows from financing activities</u>			
Proceeds from borrowings	12	618,770	(1,305,967)
Proceeds / (repayment) of term loan	14	(2,958,043)	(586,434)
Repayment of finance lease	13	(8,278)	(7,530)
Interest received	21	46	3,793
Interest expenses	24	(166,074)	(279,964)
Net cash flows from financing activities		(2,513,579)	(2,176,102)
Net (decrease) / increase in cash and cash equivalents		(126,647)	24,899
Cash and cash equivalents at beginning of the financial year		212,372	187,473
Cash and cash equivalents at the end of financial year	5	85,725	212,372

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

	Note	2019 US\$	2018 US\$
<i><u>Cash flows from operating activities</u></i>			
Profit before tax		1,056,780	481,838
Adjustments for non-cash & non-operating items:			
- Depreciation expense	9	206,287	238,761
- Translation diff. on fixed assets	9	(546)	(898)
- Translation diff. on consolidation	18	118,288	(192,253)
- Provision for bad debt / 1,0bad debts written off	23	2,023	63,417
- Fixed assets written off	9	-	1,097
- Sundry balances written back	21	(4,078)	-
- Interest income	21	(1,349)	(3,793)
- Interest paid	24	190,992	302,472
		511,617	408,803
		1,568,397	890,641
Change in working capital :			
- Inventories	6	(583,769)	1,024,184
- Trade and other receivables	7	1,660,645	348,974
- Trade and other payables	10	85,524	211,912
- Contract liability / Contract asset	15	2,336	-
		1,164,736	1,585,070
Cash from operations		2,733,133	2,475,711
Tax paid	17	(102,458)	(83,116)
Net cash flows from operating activities		2,630,675	2,392,595
<i><u>Cash flows from investing activities</u></i>			
Additions to fixed assets	9	(97,293)	(38,805)
Net cash flows from investing activities		(97,293)	(38,805)
		2,533,382	2,353,790
<i><u>Cash flows from financing activities</u></i>			
Proceeds from borrowings	11	618,770	(1,305,967)
Proceeds / (repayment) of term loan	13	(3,047,844)	(439,634)
Repayment of finance lease	12	(8,278)	(7,530)
Interest received	18	1,349	3,793
Interest Expenses	21	(190,992)	(302,472)
Net cash flows from financing activities		(2,626,995)	(2,051,810)
Net (decrease) / increase in cash and cash equivalents		(93,613)	301,980
Cash and cash equivalents at beginning of the financial year		676,077	374,097
Cash and cash equivalents at the end of financial year	5	582,464	676,077

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

1. General information

Greenlam Asia Pacific Pte. Ltd., (the “Company”) is a company incorporated and domiciled in Singapore. The registered office and principal place of business is situated at 11 Sungei Kadut Crescent, Singapore 728683.

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

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

2. Significant Accounting Policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2018

On 1st April 2018, 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 are recognised when control of the products has transferred to its customer, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group’s obligation to provide a refund for quality claims under the standard warranty terms is recognised as a contract liability (refer Note 15). Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. The claims are expected to be settled in the next financial year. A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(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 and all obligations to the contract is fulfilled. 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.

2. Significant Accounting Policies (Continued)

2.2 Revenue recognition (cont'd)

(c) Interest income

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

(d) Dividend income

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

(e) Rental income

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

Prior to 1st April 2018, the Company has recognized its revenue in line with FRS 18 - Revenue Recognition and the implementation of new FRS 115 – Revenue from contracts with customers will not have any significant impact on the amounts reported for the previous financial year.

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.

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.

3. Significant Accounting Policies (Continued)

2.4 Group accounting (cont'd)

(a) Subsidiaries (cont'd)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognized. Amounts previously recognized in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard. Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognized in profit or loss.

(b) Transactions with non-controlling interests

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

(c) Associated companies and Joint Ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

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

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognized as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognized as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealized losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

2. Significant Accounting Policies (Continued)

2.5 Investments in subsidiaries

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

2.6 Property, plant and equipment

(a) Measurement

(i) Land and Buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses. Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

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

(ii) Other property, plant and equipment

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

(iii) Component of costs

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

(b) Depreciation

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Furniture & fittings	3 years	Office Equipment	3 years
Computers	3 years	Renovation	15 years
Machinery & equipment	3 - 8 years	Motor Vehicles	3-6 years
Laminates Rakes	8 years		
Leasehold Building	15 years (remaining useful life: 06 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.

(b) 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.

(c) 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. Significant accounting policies (continued)

2.7 Intangible Assets

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

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments. Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

2.8 Impairment of non-financial assets

Intangible Assets, Property, plant and equipment & Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets maybe impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognized as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such as impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognized in profit or loss, unless the asset is carried at revalued amount, in which case such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognized as an expense, a reversal of that impairment is also recognized in profit or loss.

2.9 Financial assets

The accounting for financial assets from 1 April 2018 is as follows:

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Significant accounting policies (continued)

2.9 Financial assets (cont'd)

(a) Classification and measurement (cont'd)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

Amortised cost:

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

FVOCI:

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

FVPL:

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition & Derecognition

Regular way purchases and sales of financial assets are recognized on trade date – the date on which the Company 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 Company 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.

2. Significant accounting policies (continued)

2.9 Financial assets (cont'd)

(c) Recognition & Derecognition (cont'd)

Any amount previously recognized in other comprehensive income relating to that asset is reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset. Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised 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.

(d) Offsetting of financial instruments

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

2.10 Financial liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognized on the Statement of Financial Position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method. Financial liabilities represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are represented as non-current liabilities. Gains and losses are recognized in the income and expenditures statement when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired.

2.11 Financial guarantees

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS 115; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS 109.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

2.12 Borrowings

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

2.13 Inventories

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

2. Significant accounting policies (continued)

2.14 Leases

(a) When the Group is the lessee:

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognized on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognized in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

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

(b) When the Group is the lessor:

(i) Lessor – Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases. The leased asset is derecognized and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognized on the statement of financial position and included in “trade and other receivables”. The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income. Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognized in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognized as an expense in profit or loss over the lease term on the same basis as the lease income. 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 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.

2. Significant accounting policies (continued)

2.15 Income taxes (cont'd)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition. The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.16 Provisions

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

2.17 Employee Compensation

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

(a) Defined contribution plans

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

(b) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed at the earlier of the following dates: (a) when the Group is terminating the employment of current employees according to a detailed formal plan without possibility of withdrawing the offer of those benefits; and (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.

2.18 Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognized in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognized in other comprehensive income and accumulated in the currency translation reserve. When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal. Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses". Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

2. Significant accounting policies (continued)

2.18 Currency Translation (cont'd)

(c) Translation of Group entities' financial statements (cont'd)

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognized in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.19 Related Parties

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

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.21 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.

2.22 Share capital & dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds. When an entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

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

2.23 Going concern

The auditors of one of the subsidiaries viz. Greenlam Europe (UK) Ltd. has issued 'Emphasis of matter' in their audit report dated 26th April 2019 which is quoted as under:

Quote

We refer to Note 23 in the notes to the financial statement. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's total liabilities exceeded its total assets by GBP1,628,152/- (2018: GBP1,632,227/-). If the financial support is not forthcoming and as a result, the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that the assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the statement of financial position. In addition, the Company may have to provide for future liabilities which may arise.

Unquote

3. Critical accounting estimates, assumptions and judgments

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates, assumptions and judgements in applying the accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

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

These estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

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

(a) Uncertain tax positions

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

(b) Impairment of loans and receivables

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

(c) Impairment of investment in subsidiaries

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

3.2 Critical judgments in applying the entity's accounting policies

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

4. Share capital

	Group & Company	
	Ordinary	
	shares	Amount
As at 31 March 2019	No's.	US\$
Beginning of the financial year	2,778,865	2,778,865
Shares issued during the year	-	-
End of the financial year	2,778,865	2,778,865
As at 31 March 2018		
Beginning of the financial year	2,778,865	2,778,865
Shares issued during the year	-	-
End of the financial year	2,778,865	2,778,865

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2019</u> US\$	<u>2018</u> US\$	<u>2019</u> US\$	<u>2018</u> US\$
Cash in hand	5,328	4,493	678	1,022
Cash at bank	577,136	671,584	85,047	211,350
Cash and cash equivalents per statement of cash flows	<u>582,464</u>	<u>676,077</u>	<u>85,725</u>	<u>212,372</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>2019</u> US\$	<u>2018</u> US\$	<u>2019</u> US\$	<u>2018</u> US\$
United States Dollars	3,467	29,900	3,467	29,901
SGD & Others	578,997	646,177	82,258	182,471
	<u>582,464</u>	<u>676,077</u>	<u>85,725</u>	<u>212,372</u>

6. Inventories

	<u>Group</u>		<u>Company</u>	
	<u>2019</u> US\$	<u>2018</u> US\$	<u>2019</u> US\$	<u>2018</u> US\$
Finished goods	1,134,913	1,132,669	1,134,913	1,132,669
Goods-in-transit	774,545	193,020	165,566	40,040
	<u>1,909,458</u>	<u>1,325,689</u>	<u>1,300,479</u>	<u>1,172,709</u>

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

7. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2019</u> US\$	<u>2018</u> US\$	<u>2019</u> US\$	<u>2018</u> US\$
Trade receivables:				
- Third parties	4,687,322	6,261,155	2,469,684	3,182,573
- Related parties (subsidiaries)	-	-	1,087,571	2,186,832
	<u>4,687,322</u>	<u>6,261,155</u>	<u>3,557,255</u>	<u>5,369,405</u>
Less: - Provision for doubtful debts				
Beginning of the year	(260,857)	-	(260,857)	-
Current year provision	(1,180)	(260,857)	(1,180)	(260,857)
Reversal of provision / written back	260,857	-	260,857	-
Balance at the end of the year	<u>(1,180)</u>	<u>(260,857)</u>	<u>(1,180)</u>	<u>(260,857)</u>
	<u>4,686,142</u>	<u>6,000,298</u>	<u>3,556,075</u>	<u>5,108,548</u>
Other receivables				
<i>Deposits:</i>				
- Rental	38,710	37,208	10,287	5,177
- Others	2,356	43,319	2,326	43,289
Prepayments	328,110	400,911	138,280	248,875
<i>Advances:</i>				
- Staff advances	9,581	1,518	3,273	1,518
- Advance to suppliers	875,208	1,015,349	792,460	1,008,311
GST receivables	11,691	115,771	-	46,335
Others	5,448	5,540	-	-
	<u>1,271,104</u>	<u>1,619,616</u>	<u>946,626</u>	<u>1,353,505</u>
Total trade & other receivables	<u>5,957,246</u>	<u>7,619,914</u>	<u>4,502,701</u>	<u>6,462,053</u>

The credit period of trade receivables is 30-180 days. The trade and other receivables approximate its fair value as on balance sheet date and are denominated in following currencies: -

	<u>Group</u>		<u>Company</u>	
	<u>2019</u> US\$	<u>2018</u> US\$	<u>2019</u> US\$	<u>2018</u> US\$
United States Dollars	3,998,315	5,595,635	3,842,328	5,575,875
SGD & Others	1,958,931	2,024,279	660,373	886,178
	<u>5,957,246</u>	<u>7,619,914</u>	<u>4,502,701</u>	<u>6,462,053</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

8. Investment in subsidiaries

	<u>Company</u>	
	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>
Equity investment – At cost #	<u>586,124</u>	<u>586,124</u>
<u>Movements in investments:</u>		
Beginning of the financial year	297,961	320,765
Additions / (disposals) during the year	-	-
Impairment (loss)	(66,667)	(22,804)
End of the financial year	<u>231,294</u>	<u>297,961</u>

Details of investment in subsidiary held by the Company:

<u>Name of subsidiary /</u> <u>Country Incorporation</u>	<u>Principal Activities</u>	<u>Country</u>	<u>Cost of Investment</u>		<u>Equity Holding</u>	
			<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			<u>US\$</u>	<u>US\$</u>	<u>%</u>	<u>%</u>
Greenlam Asia Pacific (Thailand) Company Limited (GAPT)*	Wholesale of sawn timber, plywood, decorative laminates and related products	Thailand	57,872	57,872	97.5	97.5
Greenlam Holding Company Limited - Thailand (GHT)*	Investment holdings	Thailand	15,394	15,394	99	99
PT Greenlam Asia Pacific - Indonesia **	Cutting of laminate sheets, making catalogues and cutting of laminates into samples	Indonesia	247,500	247,500	99	99
Greenlam Europe (UK) Ltd ***	Wholesale of decorative laminates	United Kingdom	265,358	265,358	100	100
			<u>586,124</u>	<u>586,124</u>		

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

**Not required to be audited under the laws of the country of incorporation (*refer below*).

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

**The Indonesian subsidiary was mainly incorporated to produce sales and marketing catalogues at low costs. It is only a cost center and not generating revenue from third parties. The Indonesian subsidiary did not audit their financial statements as they are not required to do so as per local Indonesian regulations. The unaudited financials of Indonesian subsidiary do not have any material impact on the Group and holding Company in Singapore.

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

8A. Non-controlling interest

		<u>NCI Share (US\$)</u>			
<u>Subsidiary</u> <u>(shareholding %)</u>	<u>NCI</u> <u>(%)</u>	<u>As at</u> <u>01/04/18</u>	<u>Current</u> <u>year profit</u> <u>/ (loss)</u> <u>share</u>	<u>Translation</u> <u>difference</u>	<u>As at</u> <u>31/03/19</u>
Greenlam Asia Pacific (Thailand) Co. Ltd. (97.5%)	2.5%	12,108	622	(200)	12,530
Greenlam Holding Company Limited (99%)	1%	140	(6)	(2)	132
PT Greenlam Asia Pacific – Indonesia (99%)	1%	2,247	(596)	(72)	1,579
Grenlam Europe UK Ltd. (100%)	-	-	-	-	-
TOTAL NCI SHARE (US\$)		14,495	20	(274)	14,241

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

9. Property, plant and equipment

<u>Group</u>	<u>Computers</u> US\$	<u>Leasehold Building</u> US\$	<u>Machineries</u> US\$	<u>Renovation</u> US\$	<u>Furniture & fittings</u> US\$	<u>Laminates rakes</u> US\$	<u>Office equipment</u> US\$	<u>Motor vehicles</u> US\$	<u>Total</u> US\$
As at 31 March 2019									
Cost									
Balance as at 1 st April 2017	93,943	1,043,017	76,746	376,465	65,656	43,373	84,639	31,733	1,815,572
Additions	36,046	-	-	-	798	-	1,961	-	38,805
Disposals	-	-	-	-	(30,635)	-	(15,225)	-	(45,860)
Balance as at 31 st March 2018	129,989	1,043,017	76,746	376,465	35,819	43,373	71,375	31,733	1,808,517
Additions	39,824	-	-	-	53,062	-	4,407	-	97,293
Disposals	(58,067)	-	(5,468)	-	(31,967)	(5,148)	(5,684)	-	(106,334)
Balance as at 31 st March 2019	111,746	1,043,017	71,278	376,465	56,914	38,225	70,098	31,733	1,799,476
Accumulated depreciation									
Balance as at 1 st April 2017	62,507	225,600	31,178	79,292	50,589	22,261	64,716	28,126	564,269
Depreciation charge	26,618	112,800	20,404	41,010	11,657	10,019	15,155	1,098	238,761
Disposals	-	-	-	-	(29,537)	-	(15,225)	-	(44,762)
Balance as at 31 st March 2018	89,125	338,400	51,582	120,302	32,709	32,280	64,646	29,224	758,268
Currency Translation Differences	(765)	-	533	-	(67)	-	(688)	88	(899)
Balance as at 31 st March 2019	88,360	338,400	52,115	120,302	32,642	32,280	63,958	29,312	757,369
Depreciation charge	17,736	112,800	16,314	41,010	4,626	9,053	3,721	1,027	206,287
Disposals	(58,067)	-	(5,468)	-	(31,967)	(5,148)	(5,684)	-	(106,334)
Balance as at 31 st March 2019	47,446	451,200	62,961	161,312	5,301	36,185	61,995	30,339	857,322
Currency Translation Differences	(583)	-	523	-	(901)	-	327	88	(546)
Balance as at 31 st March 2019	47,446	451,200	63,484	161,312	4,400	36,185	62,322	30,427	856,776
Net book value									
As at 31st March 2019	64,300	591,817	7,794	215,153	52,514	2,040	7,776	1,306	942,700
As at 31 st March 2018	41,629	704,617	24,631	256,163	3,177	11,093	7,417	2,421	1,051,148

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

9. Property, plant and equipment (cont'd)

<u>Company</u>	<u>Computers</u> US\$	<u>Leaschold Building</u> US\$	<u>Machineries</u> US\$	<u>Renovation</u> US\$	<u>Furniture & fittings</u> US\$	<u>Laminates rakes</u> US\$	<u>Office equipment</u> US\$	<u>Motor vehicles</u> US\$	<u>Total</u> US\$
As at 31 March 2018									
Cost									
Beginning of financial year	77,675	1,043,017	31,007	379,192	43,875	43,373	67,879	25,772	1,711,790
Additions	24,746	-	-	-	798	-	1,343	-	26,887
Disposals	-	-	-	-	(25,111)	-	(3,716)	-	(28,827)
End of financial year	102,421	1,043,017	31,007	379,192	19,562	43,373	65,506	25,772	1,709,850
Additions	6,979	-	-	-	5,229	-	590	-	12,798
Disposals	-	-	-	-	-	-	-	-	-
End of financial year	109,400	1,043,017	31,007	379,192	24,791	43,373	66,096	25,772	1,722,648
Accumulated depreciation									
Beginning of financial year	54,203	225,600	9,990	82,020	30,425	22,260	50,102	25,772	500,372
Depreciation charge	22,938	112,800	10,337	41,009	10,001	10,020	13,426	-	220,531
Disposals	-	-	-	-	(24,015)	-	(3,715)	-	(27,730)
End of financial year	77,141	338,400	20,327	123,029	16,411	32,280	59,813	25,772	693,173
Depreciation charge	12,126	112,800	8,883	41,009	3,690	9,053	2,614	-	190,175
Disposals	-	-	-	-	-	-	-	-	-
End of financial year	89,267	451,200	29,210	164,038	20,101	41,333	62,427	25,772	883,348
Net book value									
As at 31 st March 2019	20,133	591,817	1,797	215,154	4,690	2,040	3,669	-	839,300
As at 31 st March 2018	25,280	704,617	10,680	256,163	3,151	11,093	5,694	-	1,016,677

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

10. Financial Assets FVOCI

	Group & Company	
<i>Investments (ordinary equity shares)</i>	2019	2018
	US\$	US\$
Balance at the beginning	-	-
Additions during the year	4,078	-
Fair value loss recognized during the year through OCI	(4,078)	-
Balance at the end of the year	-	-

Financial Assets FVOCI represents ordinary shares allotted in the name of the Company by way of a schemes of arrangement of a Singapore listed entity namely 'Serrano Limited'; approximates its fair value as at the statement of financial position date and is denominated in Singapore dollars.

11. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
<i>Trade payables</i>				
-Third parties	119,069	-	-	-
-Related parties	2,583,027	2,588,126	135,215	894,959
<i>Other payables:</i>				
Accruals	314,807	263,449	58,648	25,880
Advance received from customers	45,677	19,630	3,813	19,630
GST Payable	6,482	-	6,482	-
Other Creditors	54,876	160,366	36,451	72,104
Payable to Employees	10	6,853	-	6,737
	3,123,948	3,038,424	240,609	1,019,310

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

	Group		Company	
	2019	2018	2019	2018
	US\$	US\$	US\$	US\$
United States Dollars	32,750	720,439	32,154	720,439
SGD & Others	3,091,198	2,317,985	208,455	298,871
	3,123,948	3,038,424	240,609	1,019,310

12. Bank borrowings

	Group & Company	
	2019	2018
	US\$	US\$
Bank overdraft	511,591	-
Short term trade facilities (including TR/LC/FBP etc.)	107,179	-
	618,770	-

The rate of bank overdraft is prime rate + 1.00% p.a.

The rate of interest payable on Bills –TR/ LC-DP to bank is COF plus 1.50% (2018: 2.5%) p.a. The Bank COF interest rate in 2019 was 2.556%. The other bank borrowings FBN (foreign bills negotiation), FBP (foreign bills purchased) bear interest rate at Cost of Fund (COF) plus 2.5% (2018: 2.5 %) p.a.

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 which was with UOB in last year. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

13. Hire purchase obligation

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

	<u>Group & Company</u>	
	<u>2019</u>	<u>2018</u>
	US\$	US\$
Hire purchase obligation	-	9,784
Future interest on hire-purchase	-	(1,506)
	<u>-</u>	<u>8,278</u>

The fixed interest rate applicable for above loan is 2.99% p.a. and effective interest rate is 5.6988% p.a. The above loan was fully repaid during the year. The Hire Purchase obligation approximates its fair value as at the statement of financial position date and is denominated in Singapore Dollars.

14. Term loans

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$	US\$	US\$
Long term working capital loan	-	255,645	-	255,645
Short term money market facility	3,513,270	6,305,469	2,201,470	4,903,869
	<u>3,513,270</u>	<u>6,561,114</u>	<u>2,201,470</u>	<u>5,159,514</u>

The maturity period of above term loans is within one year. The short-term money market facility bears an interest rate of COF+1.50% to 2.05% p.a. The short term money market term loan is 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 2018 was approximately US\$51.78 million (INR3,578 million) and first exclusive charge on all assets and accounts of the Company excluding the Property at 11, Sungei Kadut Crescent. Credit Facilities for the Short-term Working Capital requirements of the business in UK was taken with Citibank against the SBLC given by the ultimate holding company in India for an amount of GBP\$1,000,000/-.

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

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$	US\$	US\$
United States Dollars	2,201,470	5,159,514	2,201,470	5,159,514
SGD & Others	1,311,800	1,401,600	-	-
	<u>3,513,270</u>	<u>6,561,114</u>	<u>2,201,470</u>	<u>5,159,514</u>

15. Contract liability / Contract asset

	<u>Group & Company</u>	
	<u>2019</u>	<u>2018</u>
	US\$	US\$
<u>Contract liability</u>		
Balance at the beginning	-	-
Add: Unsatisfied performance obligation on revenue recognized in current period	2,336	-
Less: Previous period's revenue recognized in current period from performance obligation satisfied	-	-
Balance at the end of the year	<u>2,336</u>	<u>-</u>

The Company recognizes the contract liability and contract asset on unfulfilled performance obligation based on the terms and conditions of the contracts entered in to with a customer / supplier on case to case basis. The contracts with overseas customers / suppliers stipulate the payments in advance, however the local payments are at cash on delivery basis.

Contract asset

There are no unfulfilled performance obligations exists with respect to contract asset as at the date of statement of financial statement.

16. Deferred taxation

	<u>Group & Company</u>	
	<u>2019</u>	<u>2018</u>
	US\$	US\$
Balance at the beginning	7,261	65,651
Current year provision /(reversal)	(4,285)	(58,390)
Balance at 31 March	<u>2,976</u>	<u>7,261</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

17. Income taxes

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Balance at the beginning	92,558	65,333	74,923	50,815
Current tax expense	199,844	92,558	192,380	74,923
Prior year under provision	4,060	17,783	4,060	7,231
Income tax refund/ (paid)	(102,458)	(83,116)	(78,983)	(58,046)
Balance as at 31 March	<u>194,004</u>	<u>92,558</u>	<u>192,380</u>	<u>74,923</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Profit before tax	<u>1,056,780</u>	<u>481,838</u>	<u>1,071,372</u>	<u>501,481</u>
Tax calculated at 17% (2018: 17%)	179,653	81,912	182,133	85,252
Effects of:				
- expenses not deductible	35,069	60,828	33,120	39,853
- income not subject to tax	-	(1,239)	-	(1,239)
- capital allowances	(2,520)	(21,522)	(2,520)	(21,522)
- prior year under provision	4,060	17,783	4,060	7,231
- tax exemptions & rebates	(12,358)	(27,421)	(20,353)	(27,421)
Tax expense	<u>203,904</u>	<u>110,341</u>	<u>196,440</u>	<u>82,154</u>

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

18. Currency Translation Reserve

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Balance at the beginning	137,311	329,977	-	-
Translation differences arisen :				
- on year end balances	126,388	(199,395)	-	-
- from transactions during the year	(7,826)	6,729	-	-
	<u>255,873</u>	<u>137,311</u>	<u>-</u>	<u>-</u>

19. Revenue

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<u>Recognised at a point in time</u>				
Sale of goods	<u>31,866,170</u>	<u>30,795,893</u>	<u>24,042,803</u>	<u>24,736,316</u>

Sale of goods revenue represents the invoiced value net of discounts during the financial year and is recognised when the entity has transferred the control over goods upon satisfaction of performance obligations to the buyer. The revenue is recognized upon successful satisfaction of performance obligation as per 'FRS 115 – Revenue from contracts with customers.'

Prior to 1st April 2018, the Company has recognized its revenue in line with FRS 18 - Revenue Recognition and the implementation of new FRS 115 – Revenue from contracts with customers will not have any significant impact on the amounts reported for the previous financial year.

20. Cost of sales

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Cost of sales				
(includes change in inventory, purchases, freight & other incidental costs)	<u>23,557,526</u>	<u>22,745,095</u>	<u>18,470,323</u>	<u>19,162,052</u>

Costs incurred on contracts which have not been billed due to unsatisfied performance obligation as per 'FRS 115 – Revenue from contracts with customers' is being recognized as 'Contract Assets' {Note 15}.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

21. Other income

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Government grants	10,493	12,002	10,493	12,002
Interest income	1,349	5,532	46	3,793
Miscellaneous income	13,832	-	6,903	-
Sundry balances written back	4,078	-	4,078	-
	<u>29,752</u>	<u>17,534</u>	<u>21,520</u>	<u>15,795</u>

22. Employee benefit expenses

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<u>Staff Cost</u>				
- Salaries, bonus & allowances:	2,756,079	2,769,327	1,804,348	1,904,085
- Employer's contribution to defined contribution plans	149,387	164,705	113,704	127,618
- Termination & other benefits	339,597	410,425	119,340	158,988
	<u>3,245,063</u>	<u>3,344,457</u>	<u>2,037,392</u>	<u>2,190,691</u>
<u>Key Management Personnel</u>				
- Salaries, bonus & allowances:	535,339	512,691	217,393	217,393
- Employer's contribution to defined contribution plans	8,511	7,917	-	-
- Termination & other benefits	-	-	-	-
	<u>543,850</u>	<u>520,608</u>	<u>217,393</u>	<u>217,393</u>
Total Cost	<u>3,788,913</u>	<u>3,865,065</u>	<u>2,254,785</u>	<u>2,408,084</u>

23. Admin & other operating expenses

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Rates & Taxes	26,369	25,050	25,049	24,411
Insurance charges	38,847	31,049	26,500	29,810
Printing & Stationery	24,657	24,460	15,234	14,966
Postage & Telephone	97,945	85,784	59,021	55,287
Travelling expenses	228,177	161,821	194,567	142,973
Conveyance	199,867	208,591	54,847	88,723
Electricity	45,389	46,698	17,702	18,071
Legal & professional fees	333,562	362,939	18,391	60,760
Vehicle expenses	23,775	21,120	23,775	21,120
Commission	75,177	8,494	75,176	8,495
Membership fee	200	1,065	200	1,065
Assets Discarded	-	1,097	-	1,097
Bank charges	137,371	166,971	117,387	158,765
Auditors remuneration	49,165	47,316	32,030	33,505
Sales promotion expenses	1,074,410	1,468,980	738,900	1,122,242
Repairs & maintenance	49,166	30,812	39,868	25,748
General expenses	45,011	54,696	27,621	27,229
Rebates & claims	297,415	81,285	297,415	81,292
Testing Fee	1,359	5,569	1,359	5,569
Rent	285,233	317,085	95,327	122,797
Management Fee	-	-	-	120,000
License Fee	2,759	3,354	-	-
Bad Debts	2,023	63,417	2,023	63,417
Non-deductible expense	26,290	41,995	23,913	-
Unrealised forex loss/ (gain)	(5,944)	(10,854)	4,532	(7,289)
Realised forex loss/ (gain)	37,201	(68,598)	20,757	(40,054)
	<u>3,095,424</u>	<u>3,180,196</u>	<u>1,911,594</u>	<u>2,179,999</u>

24. Finance expenses

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
<u>Interest expense:</u>				
- Bank borrowings	190,922	302,472	166,074	279,964
	<u>190,922</u>	<u>302,472</u>	<u>166,074</u>	<u>279,964</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

25. Significant related party transactions

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

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$	US\$	US\$
<u>I. Holding company:</u>				
<i>Greenlam Industries Ltd.</i>				
- purchases	23,462,797	20,968,698	18,154,406	17,821,284
- Trade amount due	(2,582,431)	(2,585,016)	-	(669,414)
- Non-trade amount due	-	(30,397)	-	(27,287)
- Corp. Guarantee Commission Paid	98,848	113,040	85,723	110,996
<u>II. Subsidiary companies:</u>				
<i>Greenlam Asia Pacific (Thailand) Co.</i>				
- sales	-	-	7,551,174	9,476,366
- purchases	-	-	-	-
- trade receivables	-	-	1,087,571	2,186,832
<i>PT Greenlam Asia Pacific, Indonesia</i>				
- trade payables	-	-	(135,216)	(198,257)
- sales promotion expenses	-	-	118,985	188,427
<i>Greenlam Europe Ltd. (U.K.)</i>	-	-	-	-
<u>III. Representative office / Branch office/ Marketing office, etc.</u>				
EXPENSES				
Indonesia	137,637	134,383	137,637	134,383
Hong Kong	421,590	294,842	421,590	294,842
China	-	-	-	-
Vietnam	60,271	52,085	60,271	52,085
Malaysia	128,544	139,313	128,544	139,313
Taiwan	55,879	181,374	55,879	181,374
Philippines	90,555	76,809	90,555	76,809
Myanmar	-	10,970	-	10,970
<u>IV. Key management personnel</u>	<u>543,850</u>	<u>520,608</u>	<u>217,393</u>	<u>217,393</u>

Other related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members. Outstanding balances at 31 March, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from statement of financial position date and are disclosed in Notes 7 and 11 respectively.

26. Contingencies & commitments

26.1 Contingent liabilities

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

	<u>Group & Company</u>	
	<u>2019</u>	<u>2018</u>
	US\$	US\$
Letter of credits, etc.	-	403,067

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

26.2 Capital commitments

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

26.3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

26. Contingencies & commitments (cont'd)

26.3 Operating lease commitments – where the group is a lessee (cont'd)

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

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$	US\$	US\$
Not later than 1 year	161,539	76,393	33,315	40,000
Between one and five years	39,738	20,129	-	20,129
Later than five years	-	-	-	-

27. 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.

27.1 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.

Due to the varying tax rates in Singapore and in the countries, those that of the overseas subsidiaries, the currency risk and its sensitivity at Group Level is not feasible to disclose.

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

COMPANY
At 31 March 2019

	<u>SGD & Others</u>	<u>Total</u>
	US\$	US\$
<u>Financial assets:</u>		
Cash and cash equivalent	82,258	82,258
Trade receivables	615,435	615,435
Other receivables	44,938	44,938
Contract asset	-	-
Total	742,631	742,631
<u>Financial liabilities</u>		
Trade & other payables	208,455	208,455
Borrowings & term loans	-	-
Hire purchase obligations	-	-
Contract liability	-	-
Total	208,455	208,455

Foreign currency sensitivity

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

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

<u>COMPANY</u>	<u>Financial Assets</u>		<u>Financial liabilities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$	US\$	US\$
(Net of tax at 17%)				
Profit / (loss)	61,638	88,698	(17,302)	(46,712)
other equity	-	-	-	-
	61,638	88,698	(17,302)	(46,712)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

27. Financial risk management (continued)

27.1 Market risk (cont'd)

(a) *Currency risk (cont'd)*

If the foreign currency *weakens* by 10% against the functional currency of the Group and Company, statement of comprehensive income and other equity will increase/ (decrease) at the equal amount but opposite effect.

(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.

Due to the varying tax rates in Singapore and in the countries, those that of the overseas subsidiaries, the interest rate risk and its sensitivity at Group Level is not feasible to disclose.

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

<u>COMPANY</u>	<u>Financial Assets</u>		<u>Financial Liabilities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$	US\$	US\$
Fixed rate	-	-	-	8,278
Floating rate	-	-	2,820,240	5,159,514
	<u>-</u>	<u>-</u>	<u>2,820,240</u>	<u>5,167,792</u>

Interest rate sensitivity

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

<u>Increase of 100 basis point</u>	<u>Financial Assets</u>		<u>Financial liabilities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
(Net of tax at 17%)	US\$	US\$	US\$	US\$
Profit / (loss)	-	-	(23,408)	(42,824)
her equity	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(23,408)</u>	<u>(42,824)</u>

If the interest rate *decrease of 100 basis points* at the reporting date would lead to an increase/ (decrease) at the equal amount but opposite effect.

27.2 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 Group and the Company uses a provision matrix to measure the 12-month expected credit losses and/or lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group and the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macro-economic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

27. Financial risk management (continued)

27.2 Credit risk (cont'd)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

The Group and Company's credit risk exposure in relation to trade receivables under SFRS 109 as at 31 March 2018 are set out in the provision matrix as follows:

GROUP		0 - 60 days	61 - 120 days	121 - 180 days	181 days & above	TOTAL
		US\$	US\$	US\$	US\$	US\$
Ageing for previous year 2018	(A)	4,619,700	1,360,028	14,009	267,418	6,261,155
Bad debts / provision during 2018	(B)	-	-	-	260,857	260,857
Credit loss %	(C)=(B/A)	-	-	-	97.5%	
Ageing for current year 2019	(D)	3,921,491	761,187	4,645	-	4,687,323
Credit loss expected in current year {(D x C) or actual provision, whichever is higher}		-	-	1,180	-	1,180

COMPANY		0 - 60 days	61 - 120 days	121 - 180 days	181 days & above	TOTAL
		US\$	US\$	US\$	US\$	US\$
Ageing for previous year 2018	(A)	4,280,972	813,567	14,009	63,417	5,171,965
Bad debts / provision during 2018	(B)	-	-	-	(63,417)	(63,417)
Credit loss %	(C)=(B/A)	-	-	-	100%	
Ageing for current year 2019	(D)	3,356,869	199,206	1,180	-	3,557,255
Credit loss expected in current year {(D x C) or actual provision, whichever is higher}		-	-	(1,180)	-	(1,180)

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

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>By geographical area:</u>	US\$	US\$	US\$	US\$
Singapore	1,129,953	695,594	1,129,953	695,594
Thailand	1,243,558	2,206,592	1,087,571	2,186,832
Others	2,312,632	3,098,112	1,338,551	2,226,122
	<u>4,686,143</u>	<u>6,000,298</u>	<u>3,556,075</u>	<u>5,108,548</u>
<u>By types of customers:</u>				
Related parties	974,081		1,087,571	2,186,832
Non-related parties	3,712,062	6,000,298	2,468,504	2,921,716
	<u>4,686,143</u>	<u>6,000,298</u>	<u>3,556,075</u>	<u>5,108,548</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$	US\$	US\$
Top Customer 1	9,131,047	11,022,550	7,559,491	9,476,366
Top Customer 2	1,822,662	1,705,949	1,822,662	1,705,949
Top Customer 3	1,455,880	1,229,398	1,455,880	1,229,398

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

27. Financial risk management (continued)

27.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions at a short notice. At the statement of financial position date, assets held by the Group and the Company for managing liquidity risk included cash and cash equivalents (Note 5).

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): -

<u>31 March 2019</u>	<u>Maturity</u>	<u>Maturity</u>		<u>Applicable</u>
<u>GROUP</u>	<u>< 1 year</u>	<u>2 - 5 years</u>	<u>Total</u>	<u>Interest Rate</u>
<u>Financial Liabilities</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>Note No. #</u>
Trade and other payables	3,123,948	-	3,123,948	-
Bank borrowings	618,770	-	618,770	Note 12
Term loans*	3,513,270	-	3,513,270	Note 14
Contract liability	2,336	-	2,336	-
Total	7,258,324	-	7,258,324	
 <u>COMPANY</u>	 <u>Maturity</u>	 <u>Maturity</u>		 <u>Applicable</u>
<u>Financial Liabilities</u>	<u>< 1 year</u>	<u>2 - 5 years</u>	<u>Total</u>	<u>Interest Rate</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>Note No. #</u>
Trade and other payables	240,609	-	240,609	-
Bank borrowings	618,770	-	618,770	Note 12
Term loans*	2,201,470	-	2,201,470	Note 14
Contract liability	2,336	-	2,336	-
Total	3,063,185	-	3,063,185	

*The Group/Company intends to renew the term loans upon its maturity on rollover basis every 30 days.

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

27.4 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.

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Net debt	6,675,860	8,931,739	2,977,460	5,974,730
Total equity	1,995,490	1,024,119	3,700,958	2,892,486
Total capital	8,671,350	9,955,858	6,678,418	8,867,216
Gearing ratio	77%	90%	45%	67%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

27. Financial risk management (continued)

27.4 Capital risk (cont'd)

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

	<u>Group</u>		<u>Company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Total liability	7,455,304	9,707,635	3,258,541	6,269,286
Total net worth	1,995,490	1,024,119	3,700,958	2,892,486
Leverage ratio (times)	3.74 times	9.48 times	0.88 times	2.16 times

27.5 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).

<u>Group & Company</u>	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Financial assets	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-

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

28. Goodwill

	<u>Group</u>	
	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>
Beginning of financial year	58,926	58,926
Acquisition / impairment charge during the year	-	-
End of financial year	58,926	58,926

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

29. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2019 and which the Group has not early adopted:

SFRS(I) INT 23	Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)
FRS 116	Leases (effective for annual periods beginning on or after 1 st January 2019)

30. Authorisation of financial statements

These consolidated financial statements of the Group and Company as at 31st March 2019 and for the financial year then ended were authorized and approved for issuance in accordance with a resolution of the Board of Directors of **Greenlam Asia Pacific Pte. Ltd.** on 14th May 2019.

Greenlam Asia Pacific Pte. Ltd.
(Incorporated in The Republic of Singapore)
Detailed Statement of Comprehensive Income
For the period from 1st April 2018 to 31st March 2019

Description	2019 USD	2018 USD
Revenue		
Sale Of Goods	(24,042,803)	(24,736,316)
	(24,042,803)	(24,736,316)
Cost Of Revenue		
Purchases - Laminates	18,178,165	18,038,363
Change In Inventory	(18,356)	866,559
Freight - Recovered	(26,641)	(17,785)
Loading & Unloading Expenses	142,391	146,999
O/W Freight Expense	51,237	23,740
Godown Expenses	20,655	33,372
Exports Insurance	6,452	8,025
Exports Handling Charges	26,413	16,724
Exports Ocean Freight	7,961	11,649
Air Freight	82,046	31,353
Customs Duty	-	3,053
	18,470,323	19,162,052
Gross (Profit)/ Loss	(5,572,480)	(5,574,264)
Other Income		
Interest Received	(46)	(3,793)
Miscellaneous Income	(17,396)	(12,002)
Provisions No Longer Required	(4,078)	-
	(21,520)	(15,795)
	(5,594,000)	(5,590,059)
Administrative Expenses		
Assets Discarded	-	1,252
Commission Expense	75,177	8,494
Bank Charges - Import	-	7,003
Management Fee	-	120,000
Auditors Remuneration	32,030	33,506
Bad Debt	2,024	63,416
Bank Charges	104,071	134,050
Exports Bank Charges	13,316	17,712
Conveyance Expenses	54,847	88,723
Clearing Difference	13	16
Electric Expenses	17,702	18,071
General Expenses	11,046	10,476
Insurance Expenses	26,500	29,810
Legal & Professional Fee	17,008	58,121
Licence Fees	788	1,295
Membership Fee	200	1,065
Office Expenses	16,562	16,583
Postage & Telegrams	22,558	20,127
Printing & Stationary	15,235	14,966
Rent Paid	95,327	122,796
Repairs & Maintenance	39,868	25,748
Rates & Taxes	24,261	24,411
Rebates & Claims	297,415	81,293
Secretarial Fee	1,383	1,344
Sales Promotion Expenses	738,901	1,122,242
Telephone Expenses	36,463	35,160
Travelling Expenses - Foreign	194,567	142,973

Testing Fee & Technical Charges	1,359	5,569
Vehicle Expenses - Heavy Vehicles	23,775	21,120
	<u>1,862,396</u>	<u>2,227,342</u>
Key Management Personnel Remuneration		
Salaries, Bonus And Allowances	217,393	217,393
CPF - Employer Contribution	-	-
	<u>217,393</u>	<u>217,393</u>
Staff Costs		
Salaries, Bonus And Allowances	1,804,348	1,904,085
CPF - Employer Contribution	113,704	127,618
Termination & Other benefits	119,340	158,988
	<u>2,037,392</u>	<u>2,190,691</u>
Other Expenses		
Depreciation Of Property, Plant & Equipment	190,174	220,531
For Curr Gain / Loss - Realized	20,755	(40,054)
For Curr Gain / Loss - Valuation	4,532	(7,289)
Non Deductible Vat	23,912	-
	<u>239,373</u>	<u>173,188</u>
(Profit) / Loss From Operations	<u>(1,237,446)</u>	<u>(781,445)</u>
Finance Costs		
Bank Interest	11,753	18,861
Interest Paid	148,080	251,332
Interest On Bill Discounting	6,241	9,771
	<u>166,074</u>	<u>279,964</u>
(Profit) / Loss Before Tax	<u>(1,071,372)</u>	<u>(501,481)</u>
Taxation		
Taxation	196,440	82,154
	<u>196,440</u>	<u>82,154</u>
Deferred Tax		
Deferred Tax	(4,285)	(58,390)
	<u>(4,285)</u>	<u>(58,390)</u>
(Profit) / Loss After Tax	<u>(879,217)</u>	<u>(477,717)</u>
Other Comprehensive Income (Oci)		
Items That May Be Reclassified Subsequently To Profit Or Loss:		
<i>Impairment Loss On Subsidiary</i>	66,667	22,804
Items That Will Not Be Reclassified Subsequently To Profit Or Loss:		
<i>Fair Value Loss on Financial Assets FVOCI</i>	4,078	-
	<u>70,745</u>	<u>22,804</u>
Total Comprehensive (Income) / Loss	<u>(808,472)</u>	<u>(454,913)</u>