PIDILITE INNOVATION CENTRE PTE. LTD.

Company Registration Number: 200619063N

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019

CONTENTS

DIRECTORS' STATEMENT
For the financial year ended 31 March 2019

The directors present their statement to the member of Pidilite Innovation Centre Pte. Ltd. (the "Company") together with the audited financial statements of the Company for the financial year ended 31 March 2019.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and

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

2 DIRECTORS

The directors of the Company at the date of this statement are:

Dien Pandiman	
Gowri Saminathan Mrs. Gowri Wade	
Sanjay Bahadur	(Appointed on 25 January 2019)

3 ARRANGEMENTS TO ENABLE THE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	At the beginning of financial year or date of appointment	At the end of financial year
	Ordinary shares	
The ultimate holding company, Pidilite Industries Limited		
Sanjay Bahadur	8,750	13,300

5 SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares 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.

6 AUDITOR

The auditor, Helmi Talib & Co has expressed its willingness to accept re-appointment as auditor.

On behalf of the directors

GOWRI SAMINATHAN MRS. GOWRI WADE
Director

DIEN PANDIMAN
Director

Date: 30 April 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF PIDILITE INNOVATION CENTRE PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pidilite Innovation Centre Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do 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 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, 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.

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Responsibilities of Management and Directors for 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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 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 scepticism 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 Company'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 Company'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 Company 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.

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 have been properly kept in accordance with the provisions of the Act.

Helmi Talib & Co

HELMI TALIB & CO
Public Accountants and
Chartered Accountants

Singapore

Date: 30 April 2019

Partner-in-charge : Mari Jane Tiburcio
PAB No. : 01780

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

	Note	2019 $	2018 $
Revenue	5	1,551,352	2,260,766
Other income	6	505,194	486,107
Expenses			
Changes in inventories of finished goods		(24,940)	(62,226)
Purchases consumed and related costs	7	(797,211)	(1,433,658)
Employee benefits expense	8	(972,972)	(920,413)
Depreciation of plant and equipment		(24,128)	(22,801)
Finance costs	9	(309)	(309)
Other expenses	10	(316,622)	(330,806)
Loss before income tax		(79,636)	(23,340)
Income tax expense	11 (a)	(46,713)	(46,702)
Loss for the financial year, representing total comprehensive loss for the financial year		(126,349)	(70,042)

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	12	170,490	219,399
Fixed deposit	13	500,000	500,000
Trade and other receivables	14	406,059	683,847
Inventories	15 (a)	260,244	301,217
Total current assets		1,336,793	1,704,463
Non-current asset			
Plant and equipment	16	86,792	90,810
Total non-current asset		86,792	90,810
Total assets		1,423,585	1,795,273
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	17	322,847	564,554
Finance lease liabilities	18	1,742	3,632
Income tax payable	11 (c)	-	-
Total current liabilities		324,589	568,186
Non-current liabilities			
Finance lease liabilities	18	-	1,742
Total non-current liabilities		-	1,742
Total liabilities		324,589	569,928
Equity			
Share capital	19	995,155	995,155
Retained earnings		103,841	230,190
Total equity		1,098,996	1,225,345
Total liabilities and equity		1,423,585	1,795,273

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2019

	2019		
	Share capital $	Retained earnings $	Total $
Equity			
At the beginning of financial year	995,155	230,190	1,225,345
Comprehensive loss			
Total comprehensive loss for the financial year	-	(126,349)	(126,349)
At the end of financial year	995,155	103,841	1,098,996

	2018		
	Share capital $	Retained earnings $	Total $
Equity			
At the beginning of financial year	995,155	300,232	1,295,387
Comprehensive loss			
Total comprehensive loss for the financial year	-	(70,042)	(70,042)
At the end of financial year	995,155	230,190	1,225,345

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

PIDILITE INNOVATION CENTRE PTE. LTD.
Company Registration No.: 200619063N

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Loss before income tax		(79,636)	(23,340)
Adjustments for:			
Depreciation of plant and equipment	16	31,327	33,617
Impairment of inventories		1,491	1,725
Reversal of impairment of inventories		(739)	(3,608)
Interest income		(7,693)	(5,885)
Interest expense		309	309
Unrealised foreign exchange (gain)/loss - net		(43)	75
Total adjustments to profit account		24,652	26,233
Total operating cash flows before changes in working capital		(54,984)	2,893
Changes in working capital:			
Decrease/(increase) in trade and other receivables		278,620	(44,204)
Decrease/(increase) in inventories		40,221	(28,782)
(Decrease)/increase in trade and other payables		(241,707)	10,652
Total changes in working capital		77,134	(62,334)
Cash generated from/(used in) operations		22,150	(59,441)
Interest received		6,861	5,885
Interest paid		(309)	(309)
Income tax paid		(46,713)	(46,702)
Net cash flows used in operating activities		(18,011)	(100,567)
Cash flows from investing activity			
Purchase of plant and equipment (See note below)		(30,941)	(18,105)
Cash flows used in investing activity		(30,941)	(18,105)
Net decrease in cash and cash equivalents before effect of exchange rate changes		(48,952)	(118,672)
Effect of exchange rate changes in balance of cash held in foreign currency		43	(75)
Net decrease in cash and cash equivalents		(48,909)	(118,747)
Cash and cash equivalents at the beginning of financial year		219,399	338,146
Cash and cash equivalents at the end of financial year	12	170,490	219,399

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2019

	2019 $	2018 $
Net cash flows		
Net cash flows used in operating activities	(18,011)	(100,567)
Cash flows used in investing activity	(30,941)	(18,105)
Note:		
Reconciliation of additions per movement in plant and equipment and statement of cash flows:		
Addition in plant and equipment (Note 16)	27,309	14,472
Less: Office equipment acquired under finance lease	-	-
		14,472
Add: Repayment of finance lease liabilities	3,632	3,633
Purchase of plant and equipment per statement of cash flows	30,941	18,105

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

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

1 CORPORATE INFORMATION

Pidilite Innovation Centre Pte. Ltd. (the "Company") is domiciled and incorporated in Singapore on 20 December 2006 with its registered office at 61 Science Park Road, #03-11/12, The Galen, Singapore 117525.

The financial statements of the Company for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors as at date of the Directors' Statement.

The principal activities of the Company are those of research and development on chemicals including manufacturing and trading of waterproofing and emulsion paints.

There have been no significant changes in the nature of these activities during the financial year.

The Company's immediate and ultimate holding companies are Pidilite International Pte. Ltd. and Pidilite Industries Limited, companies incorporated in Singapore and India, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD" or "$") which is the Company's functional currency.

The accounting policies adopted are consistent with those of the previous financial year except for those as described in Note 2.2 to the financial statements.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2018. Except for the adoption of FRS 109 *Financial Instruments* and FRS 115 *Revenue from Contracts* with Customers described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended standards and interpretations (Continued)

FRS 109 *Financial Instruments*

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied FRS 109 prospectively, with an initial application date of 1 April 2018. The Company has not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of FRS 109 have been recognised directly in retained earnings.

The effects of adopting FRS 109 as at 1 April 2018 is described below.

(a) Classification and measurement

Upon the adoption of FRS 109, the Company had the following required or elected reclassifications as at 1 April 2018:

		FRS 109 measurement category
		Amortised cost
	$	**$**
Loans and receivables		
Cash and cash equivalents (Note 12)	170,490	170,490
Fixed deposit	500,000	500,000
Trade receivables and other receivables (excluding prepayments and GST receivables) (Note 14)	383,315	383,315
	1,053,805	1,053,805

(b) Impairment

The adoption of FRS 109 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

From 1 April 2018, the Company assesses on a forward-looking basis, the ECL associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents are also subject to the impairment requirements of FRS 109, the identified impairment loss was immaterial.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended standards and interpretations (Continued)

FRS 109 *Financial Instruments* (Continued)

(b) Impairment (Continued)

The Company applies the FRS 109 simplified approach to provide for ECL which uses a lifetime expected loss allowance for all trade receivables.

The Company's trade receivables are considered to be low credit risk as these have low risks of default and the counterparties have a strong capacity to meet its contractual cash flows obligation, if demanded in the near term. Accordingly, the identified impairment loss was immaterial.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying FRS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and related Interpretations.

As disclosed in Note 1 to the financial statements, Company is into research and development of chemicals, including manufacturing and trading of waterproofing and emulsion paints. Revenue is recognised when the control over the waterproofing and emulsion paint products are transferred to the customers at a point in time, when products are delivered to and accepted by the customers. The customers have full discretion over the channel and price to sell the waterproofing and emulsion paint products and the use of the products, and there are no unfulfilled obligations that could affect the customers' acceptance of the products. Revenue for research and development and consultancy services are recognised when the services have been performed and rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended standards and interpretations (Continued)

FRS 115 *Revenue from Contracts with Customers* (Continued)

The adoption of FRS 115 did not have a material impact on the Company's profit and other comprehensive income for the financial year or the Company's operating, investing and financial cash flows, nor did it have any material impact on the Company's statement of financial position accounts.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

		Description	Effective for annual periods beginning on or after
FRS 116	:	Leases	1 January 2019
INT FRS 123	:	Uncertainty Over Income Tax Treatments	1 January 2019
Various	:	Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020

Except for FRS 116 *Leases*, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemption for lessees – leases of "low value" assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 April 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Company adopts FRS 116 in 2019.

On the adoption of FRS 116, the Company expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases and will impact on the opening retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency transactions and balances

Transactions in a foreign currency are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or a translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, fixed deposit and cash on hand and are subject to an insignificant risk of changes in value.

2.6 Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018: (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018:

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise cash and cash equivalents, fixed deposit and trade and other receivables, excluding prepayments and GST receivable.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018: (Continued)

(b) Financial liabilities (Continued)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables and finance lease liabilities.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.7 Impairment of financial assets

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Impairment of financial assets (Continued)

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018: (Continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018:

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

When the financial asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials, packaging materials and trading finished goods – Purchases costs on a moving average method; and
- Manufactured finished goods – Raw materials costs are assigned on a moving average method.

Where necessary, allowance if provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.9 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

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

		Years
Laboratory equipment	-	5
Computers	-	3
Furniture and fixtures	-	5
Manufacturing equipment	-	5
Office equipment	-	5
Motor vehicle	-	5
Renovation	-	5

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect to those plant and equipment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Plant and equipment (Continued)

All item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events where it is probable that it will result in an outflow of economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.12 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

2.13 Revenue recognition

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Revenue recognition (Continued)

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018: (Continued)

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Research and development fees

Research and development fees are recognised when the services have been performed, rendered and mutually accepted by the parties as per related terms and conditions.

(b) Technical consultancy fees

Revenue from technical consultancy fees are recognised when services have been performed and rendered in accordance with the Technical Consultancy Services Agreement.

(c) Sale of goods

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price and adjusted for expected returns.

(d) Royalty income

Royalty income is recognised as and when sales of goods are recognised and in accordance with the substance of the relevant agreement.

(e) Interest income

Interest income is recognised using the effective interest method.

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair values of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Revenue recognition (Continued)

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018: (Continued)

The following specific recognition criteria must also be met before revenue is recognised:

(a) Research and development fees

Research and development fees are recognised when the services are rendered and mutually accepted by the parties as per related terms and conditions.

(b) Technical consultancy fees

Revenue from technical consultancy fees are recognised when services are rendered in accordance with the Technical Consultancy Services Agreement.

(c) Sale of goods

Income from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

(d) Royalty income

Royalty income is recognised as and when sales of goods are recognised and in accordance with the substance of the relevant agreement.

(e) Interest income

Interest income is recognised using the effective interest method.

As disclosed in Note 2.2 to the financial statements, the adoption of FRS 115 did not have a material impact on the Company's profit and other comprehensive income for the financial year or the Company's operating, investing and financial cash flows, nor did it have any material impact on the Company's statement of financial position accounts.

2.14 Operating leases as lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Employee benefits

(a) Defined contribution plan

As required by law, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution provision scheme. Contributions to CPF are recognised as compensation expenses in the same period as the employment that gives rise to the contribution. The Company has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they are accrued to employees. Unused annual leave is allowed to be carried forward to the following calendar year and have to be utilised within the following calendar year. Any unused entitlement carried forward in the following calendar year will be forfeited by the end of that calendar year.

2.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

2.17 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST tax included.

The net amount of GST tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.18 Related party

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) both entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Related party (Continued)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Provision for expected losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs and the carrying amounts of the Company's trade receivables is disclosed in Note 14 to the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(b) Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's plant and equipment as at 31 March 2019 was $86,792 (2018: $90,810).

(c) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Company's inventories as at 31 March 2019 was $260,244 (2018: $301,217).

4 RELATED PARTY TRANSACTIONS

Apart from the disclosures made elsewhere in the financial statements, the following significant transactions between the Company and related parties took place during the financial year at terms agreed between the parties.

(a) Related party transactions

	2019 $	2018 $
Ultimate holding company, Pidilite Industries Limited		
Research and development fees	(702,000)	(702,000)
Royalty income	(460,997)	(445,378)
Technical consultancy fees	(60,000)	(60,000)
Purchases of raw materials	115,491	145,575
Reimbursement of expenses	60,089	223,133

	2019 $	2018 $
Immediate holding company, Pidilite International Pte. Ltd.		
Reimbursement of expenses	4,224	1,781

4 RELATED PARTY TRANSACTIONS

(a) Related party transactions (Continued)

	2019 $	2018 $
Related company, Pidilite Bamco Limited		
Royalty income	(7,665)	(8,143)
Purchases of raw materials	92,720	667,792
Reimbursement of expenses	-	2,975

	2019 $	2018 $
Related company, Nina Waterproofing Services Pvt Ltd		
Sale of goods	(96,900)	(127,500)

	2019 $	2018 $
Related company, PT Pidilite Indonesia		
Reimbursement of expenses	5,521	-

(b) Compensation of key management personnel

	2019 $	2018 $
Director		
Director's remuneration and bonus	305,784	292,350
Director's CPF	18,822	17,498
Other benefits	13,200	13,200
	337,806	323,048

5 REVENUE

	2019 $	2018 $
Sale of goods	789,352	1,498,766
Research and development fees	702,000	702,000
Technical consultancy fees	60,000	60,000
	1,551,352	2,260,766
Time in the render of service and transfer of goods		
At a point in time	1,551,352	2,260,766

6 OTHER INCOME

	2019 $	2018 $
Royalty income	468,662	453,521
Government grants	22,413	21,014
Interest income - bank	7,693	5,885
Miscellaneous income	6,426	5,687
	505,194	486,107

7 PURCHASES CONSUMED AND RELATED COSTS

	2019 $	2018 $
Purchases - Raw materials and packaging	546,092	1,195,678
Labour costs	142,067	127,751
Rental - factory	86,214	80,979
Depreciation of plant and equipment	7,199	10,816
Other related costs	15,639	18,434
	797,211	1,433,658

8 EMPLOYEE BENEFITS EXPENSE

	2019 $	2018 $
Salaries and bonuses (including director)	797,787	758,382
Employer's contribution to CPF (including director)	109,328	102,625
Other benefits (including director)	65,857	59,406
	972,972	920,413

9 FINANCE COSTS

	2019 $	2018 $
Interest on finance lease	309	309

10 OTHER EXPENSES

	2019 $	2018 $
Rental expenses - office premises	146,152	150,476
Office expenses	26,133	26,375
Legal and professional fees	14,829	21,044
Travelling expenses	13,077	18,261
License and permits	12,206	14,179
Utilities	10,963	12,930
Auditor's remuneration	9,000	9,000
Foreign exchange gain/(loss) - net	2,142	(3,799)
Miscellaneous	82,120	82,340
	316,622	330,806

11 INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2019 and 2018 are:

	2019 $	2018 $
Current income tax		
- Under-provision in prior year	-	1,596
Foreign tax paid on royalty	46,713	45,106
Income tax expense recognised in profit or loss	46,713	46,702

(b) Relationship between income tax expense and accounting loss:

A relationship between income tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 is as follows:

	2019 $	2018 $
Loss before income tax	(79,636)	(23,340)
Tax calculated at a tax rate of 17%	(13,538)	(3,968)
Expenses not deductible for tax purposes	1,112	1,217
Income not taxable	(159)	(159)
Deferred tax assets not recognised	12,585	2,910
Under-provision in prior year	-	1,596
	-	1,596
Foreign tax paid on royalty	46,713	45,106
Income tax expense recognised in profit or loss	46,713	46,702

11 INCOME TAX EXPENSE (Continued)

(c) Deferred income tax

The unutilised tax losses of approximately $91,100 (2018: $17,100), are available for set-off against future taxable income subject to the agreement by the Singapore Income Tax Authority and compliance with the relevant provisions of the Singapore Income Tax Act.

The deferred tax assets have not been recognised due to uncertainty of the amount of unutilised tax losses that is available to the Company for set-off against future taxable profits.

(d) Movements in income tax payable

	2019 $	2018 $
At the beginning of financial year	-	-
Income tax paid	(46,713)	(46,702)
Income tax expense on profit:		
- Foreign tax paid on royalty	46,713	45,106
- Under-provision in prior year	-	1,596
At the end of financial year	-	-

12 CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank	170,390	219,299
Cash in hand	100	100
	170,490	219,399

Cash at bank is held in non-interest bearing accounts.

Cash and cash equivalents are denominated in the following currencies:

	2019 $	2018 $
SGD	169,182	217,798
United States Dollar ("USD")	1,308	1,601
	170,490	219,399

13 FIXED DEPOSIT

Fixed deposit earns interest at a rate of 1.35% (2018: 1.18%) per annum with maturity on 16 May 2019 (2018: 15 August 2019).

Fixed deposit is denominated in SGD.

14 TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Trade receivables		
- Third parties	179,335	392,274
- Ultimate holding company		
- Pidilite Industries Limited	89,517	103,356
- Immediate holding company		
- Pidilite International Pte. Ltd.	1,404	1,781
- Related company		
- Nina Waterproofing Services Pvt Ltd	48,450	96,900
- Pidilite Bamco Limited	1,809	3,767
	320,515	598,078
Less: Allowance for impairment losses – third parties	-	(937)
	320,515	597,141
Other receivables		
- Deposits	61,968	61,968
- Prepayments	16,375	15,252
- GST receivable	6,369	8,135
- Interest receivable	832	727
- Advances to employees	-	624
	85,544	86,706
	406,059	683,847
Total trade and other receivables (excluding prepayments and GST receivable)	383,315	660,460
Add: Cash and cash equivalents (Note 12)	170,490	219,399
Fixed deposit (Note 13)	500,000	500,000
Total financial assets carried at amortised cost	1,053,805	1,379,859

Trade receivables

Trade receivables, including amounts due from related companies are recognised at their original invoiced amounts which represent their fair values on initial recognition. Trade receivables are non-interest bearing and are settled as per terms mutually agreed between the parties which are generally 30 – 60 days term. Trade receivables are considered to be of short duration and are not discounted and the carrying values approximate its fair value.

14 TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables (Continued)

Receivables that are past due but not impaired

The Company has trade receivables amounting to $151,063 that are past due as at 31 March 2018 but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2018
	$
Trade receivables that are past due:	
Less than 30 days	58,358
31 to 60 days	79,884
61 to 90 days	4,149
More than 180 days	8,672
	151,063

Receivables that are impaired

The carrying amount of trade receivable were individually determined to be impaired and the movement in the related allowance for impairment as at 31 March 2018, as follows:

	2018
	$
Trade receivables – Nominal amounts	937
Less: Allowance for impairment losses	(937)
	-
Movement in allowance account	
At the beginning of financial year	8,391
Write-off against trade receivable during the financial year	(7,454)
At the end of financial year	937

In 2018, trade receivables that are individually determined to be impaired at the reporting date relates to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses

The Company has not recognised an allowance for expected credit losses for trade receivables which are owed mainly to companies as these are considered to be low credit risk and have low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligation if demanded in the near term. Please see Note 21(i) for the aging of the trade receivables as at 31 March 2019.

Trade and other receivables are denominated in SGD.

15 INVENTORIES

(a) Statement of financial position

	2019	2018
	$	$
Raw materials	152,681	170,244
Finished goods	96,100	101,510
Finished goods in-transit	22,268	41,798
Packaging materials	8,158	7,864
	279,207	321,416
Less: Allowance for stock obsolescence	(18,963)	(20,199)
	260,244	301,217

(b) Analysis of allowance for stock obsolescence

	2019	2018
	$	$
At the beginning of the financial year	20,199	29,286
Addition during the year	1,491	1,725
Reversal	(739)	(3,608)
Write-off	(1,988)	(7,204)
At the end of the financial year	18,963	20,199

(c) Statement of profit or loss and other comprehensive income

Inventories amounting to $546,092 (2018: $1,195,678) were recognised as an expense in purchase consumed and related cost and changes in inventories of finished goods in the statement of profit or loss and other comprehensive income.

16 PLANT AND EQUIPMENT

	Cost				Accumulated depreciation				Net carrying amount
	At the beginning of financial year	Additions	Write-off	At the end of the financial year	At the beginning of financial year	Additions	Write-off	At the end of the financial year	At 31 March 2019
	$	$	$	$	$	$	$	$	$
Laboratory equipment	629,256	18,852	(900)	647,208	590,701	11,455	(900)	601,256	45,952
Computers	34,408	848	(1,530)	33,726	26,826	5,045	(1,530)	30,341	3,385
Furniture and fixtures	40,576	-	-	40,576	40,451	94	-	40,545	31
Manufacturing equipment	88,362	550	-	88,912	65,542	7,199	-	72,741	16,171
Office equipment	33,011	559	-	33,570	30,850	1,279	-	32,129	1,441
Motor vehicle	63,888	-	-	63,888	63,888	-	-	63,888	-
Renovation	385,489	6,500	-	391,989	365,922	6,255	-	372,177	19,812
Total	1,274,990	27,309	(2,430)	1,299,869	1,184,180	31,327	(2,430)	1,213,077	86,792

16 PLANT AND EQUIPMENT (Continued)

	Cost				Accumulated depreciation				Net carrying amount
	At the beginning of financial year	Additions	Write-off	At the end of the financial year	At the beginning of financial year	Additions	Write-off	At the end of the financial year	At 31 March 2018
	$	$	$	$	$	$	$	$	$
Laboratory equipment	616,081	13,175	-	629,256	581,337	9,364	-	590,701	38,555
Computers	38,416	-	(4,008)	34,408	25,636	5,198	(4,008)	26,826	7,582
Furniture and fixtures	40,576	-	-	40,576	40,357	94	-	40,451	125
Manufacturing equipment	88,362	-	-	88,362	54,726	10,816	-	65,542	22,820
Office equipment	31,714	1,297	-	33,011	28,395	2,455	-	30,850	2,161
Motor vehicle	63,888	-	-	63,888	63,888	-	-	63,888	-
Renovation	385,489	-	-	385,489	360,232	5,690	-	365,922	19,567
Total	1,264,526	14,472	(4,008)	1,274,990	1,154,571	33,617	(4,008)	1,184,180	90,810

16 PLANT AND EQUIPMENT (Continued)

Of the depreciation charge for the financial year of $31,327 (2018: $33,617) depreciation amounting to $7,199 (2018: $10,816) is included in purchases consumed and related costs. Included within additions of plant and equipment are computers acquired under finance lease of $Nil (2018: $Nil). The carrying amount of computers held under finance leases as at 31 March 2019 are $1,480 (2018: $3,256). Leased assets are pledged as security for the related finance lease liabilities (Note 18).

17 TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade payables		
- Related company		
- Pidilite Bamco Limited	22,268	273,732
- Ultimate holding company		
- Pidilite Industries Limited	41,681	75,404
- Third parties	98,436	58,464
	162,385	407,600
Other payables		
Accrued operating expenses	160,462	156,954
Total trade and other payables	322,847	564,554
Add: Finance lease liabilities (Note 18)	1,742	5,374
Total financial liabilities carried at amortised cost	324,589	569,928

Trade payables

Trade payables, including amounts due to related parties are unsecured, interest-free and are normally settled in 60 days term. Trade payables are recognised at their original invoiced amounts which represent their fair values on initial recognition. Trade payables are non-interest bearing and are settled as per terms mutually agreed between the parties. Trade payables are considered to be of short duration and are not discounted and the carrying values approximate its fair values.

Trade and other payables are denominated in SGD.

18 FINANCE LEASE LIABILITIES

The Company leases certain computers from third parties under finance leases. The lease agreements do not have renewal clauses but provide the Company with options to purchase the leased assets at nominal values at the end of the lease term.

18 FINANCE LEASE LIABILITIES (Continued)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payment are as follows:

	2019	2018
	$	$
Minimum lease payments due:		
- Not later than one financial year	1,883	3,942
- Between one and five financial years	-	1,883
	1,883	5,825
Less: Finance charges allocated to future periods	(141)	(451)
Present value of finance lease liabilities	1,742	5,374
Present value of finance lease liabilities not later than one financial year	-	(3,632)
Present value of finance lease liabilities between one and five financial years	1,742	1,742

The finance lease bears interest at an average rate of 2.85% (2018: 2.85%) per annum. The finance lease liabilities are denominated in SGD.

19 SHARE CAPITAL

	2019		2018	
	No. of shares	$	No. of shares	$
At the beginning and end of financial year	653,341	995,155	653,341	995,155

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All issued ordinary shares are fully paid. There are no par values for these ordinary shares.

20 OPERATING LEASE COMMITMENTS

The Company had entered into a non-cancellable operating lease on its office premises and factory. There are no restrictions placed upon the Company by entering into the lease. The leases have varying terms and renewal rights. Rental payments under operating lease payments recognised in profit or loss during the financial year amounted to $232,366 (2018: $231,455).

20 OPERATING LEASE COMMITMENTS (Continued)

Future minimum lease payables under non-cancellable operating leases at 31 March are as follows:

	2019 $	2018 $
Not later than one financial year	221,060	232,356
Between one and five financial years	50,544	272,643
	271,604	504,999

21 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from cash and cash equivalents and trade and other receivables (excluding prepayments and GST receivable).

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. For transactions that do not occur on the country of the relevant operating unit, the Company does not offer credit terms without the approval of the Head of Credit Control.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Company's historical information.

21 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

The Company categorises receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial 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 Company. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets:

(i) Trade receivables

The Company has applied the simplified approach to provide for lifetime ECL for all trade receivables using a provision matrix. The provision rates are estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

21 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

(i) Trade receivables

Summarised below is the information about the credit risk exposure on the Company's trade receivables using provision matrix:

31 March 2019	Current	Less than 30 days	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$	$	$	$	$	$
Gross carrying amount	210,167	43,810	23,313	6,468	36,757	320,515
ECLs	-	-	-	-	-	-

Information regarding loss allowance movement of trade receivables are disclosed in Note 14 to the financial statements.

(ii) Other receivables

The Company's other receivables comprise mainly deposits. These other receivables are considered to be low credit risk as these have low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligation if demanded in the near term. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with related companies comprising 44% (2018: 18%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

21 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Credit risk concentration profile

The Company determines concentration of credit risk by monitoring the geographical areas and types of customers of its trade receivables on an on-going basis. The credit risk concentration profile of the Company's trade receivables at the end of the reporting period based on the information provided to the key management is as follows:

	2019		2018	
	$	%	$	%
By geographical areas				
Singapore	175,218	54	490,018	82
India	137,967	43	103,356	17
Indonesia	5,521	2	-	-
Thailand	1,809	1	3,767	1
	320,515	100	597,141	100
By types of customers				
Third parties	179,335	56	488,237	82
Related parties	141,180	44	108,904	18
	320,515	100	597,141	100

Liquidity risk

Liquidity risk refers that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds.

Liquidity risk for the Company is minimal as the Company is able to meet its funding requirements through its operations.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayments obligations.

	1 year or less	2 to 5 years	Total
	$	$	$
2019			
Financial assets			
Cash and cash equivalents	170,490	-	170,490
Fixed deposit	500,000	-	500,000
Trade and other receivables (excluding prepayments and GST receivable)	383,315	-	383,315
Total undiscounted financial assets	1,053,805	-	1,053,805
Financial liabilities			
Trade and other payables	322,847	-	322,847
Finance lease liabilities	1,742	-	1,742
Total undiscounted financial liabilities	324,589	-	324,589
Total net undiscounted financial assets	729,216	-	729,216

21 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

	1 year or less $	2 to 5 years $	Total $
2018			
Financial assets			
Cash and cash equivalents	219,399	-	219,399
Fixed deposit	500,000	-	500,000
Trade and other receivables (excluding prepayments and GST receivable)	660,460	-	660,460
Total undiscounted financial assets	1,379,859	-	1,379,859
Financial liabilities			
Trade and other payables	564,554	-	564,554
Finance lease liabilities	3,632	1,742	5,374
Total undiscounted financial liabilities	568,186	1,742	569,928
Total net undiscounted financial assets/(liabilities)	811,673	(1,742)	809,931

Market risks

Foreign currency risk

The Company's foreign currency exposures arise from the exchange rate movements of USD to SGD, which is the Company's functional currency. As at the end of the reporting period, foreign currency balance for cash and cash equivalents is disclosed in Note 12 to the financial statements.

There are no policies in place to mitigate the effect of this foreign currency risk exposure. The absence of a policy is due to the insignificance of the foreign currency exposure.

Sensitivity analysis for foreign currency risk

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit or equity arising from the effects of reasonably possible changes to exchange rate movements on the Company's foreign currency exposures at the end of the reporting period.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from finance lease.

Information relating to the Company's interest rate exposure is also disclosed in Note 18 to the financial statements.

Finance lease is exposed to market interest rate risk which the Company has no policies in place to mitigate the effect.

21 FINANCIAL RISK MANAGEMENT (Continued)

Market risks (Continued)

Interest rate risk (Continued)

Sensitivity analysis for interest rate risk

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit or equity arising from the effects of reasonably possible changes to interest rate movements on the Company's finance lease liabilities at the end of the reporting period.

22 FAIR VALUES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due from/to holding companies and related company) approximate their fair values as they are subject to normal trade credit terms.

Finance lease liabilities

The carrying amount of finance lease liabilities approximates its fair value at the end of the reporting period as this lease obligation is obtained at current market interest rates.

The Company has no fair value measurement recognised in the statement of financial position as at the end of the reporting period.

There have been no transfers between Level 1 and 2 during the financial years ended 31 March 2019 and 2018.

The Company has no (2018: $Nil) fair value measurement recognised in the statement of financial position as at the end of the reporting period.

23 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities at amortised cost were disclosed in Notes 14 and 17.

24 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company monitors its net cash resources to enable it to pay its creditors as and when they fall due. The capital structure of the Company comprise of issued share capital and retained earnings.

Net cash resources of the Company are as follows:

	2019 $	2018 $
Cash and cash equivalents (Note 12)	170,490	219,399
Fixed deposit	500,000	500,000
Trade and other receivables - excluding prepayments and GST receivable (Note 14)	383,315	660,460
Inventories (Note 15)	260,244	301,217
Less: Trade and other payables (Note 17)	(322,847)	(564,554)
Finance lease liabilities (Note 18)	(1,742)	(5,374)
Net cash resources	989,460	1,111,148

The Company's overall strategy remains unchanged from 31 March 2018.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2019 and 2018.