Consolidated Profit And Loss Statement

Year Ended 31 March 2008

	Note	The Group 2008 S$'000	The Group 2007 S$'000
Revenue	4	**976,382**	819,722
Cost of sales		**(817,118)**	(673,313)
Gross profit		**159,264**	146,409
Other operating income	5	**11,470**	41,846
Distribution expenses		**(52,349)**	(48,809)
Administrative expenses		**(90,572)**	(88,968)
Other operating expenses		**(37,937)**	(19,130)
Finance costs, net	6	**(18,121)**	(17,641)
Exceptional items	7	**16,658**	(190)
(Loss) Profit before share of results of associates		**(11,587)**	13,517
Share of results of associates	16	**12,830**	6,608
Profit before income tax	8	**1,243**	20,125
Income tax	10	**(4,663)**	(4,483)
(Loss) Profit for the year		**(3,420)**	15,642
Attributable to:			
Equity holders of the Company		**(4,612)**	12,119
Minority interests		**1,192**	3,523
		(3,420)	15,642
(Loss) Earnings per share (cents):			
– Basic	12	**(4.21)**	11.06
– Diluted	12	**(4.21)**	10.76

See accompanying notes to financial statements.

At 31 March 2008

Balance Sheets

	Note	The Group 2008 S$'000	The Group 2007 S$'000	The Company 2008 S$'000	The Company 2007 S$'000
Non–current assets					
Investment properties	13	**1,239**	16,230	**–**	–
Property, plant and equipment	14	**263,128**	245,640	**494**	1,162
Interest in subsidiaries	15	**–**	–	**493,693**	495,956
Interest in associates	16	**56,057**	51,983	**11,753**	11,453
Available–for–sale investments	17	**7,788**	3,755	**–**	–
Deferred tax assets	30	**2,967**	2,369	**–**	–
Intangible assets	18	**13,753**	17,966	**–**	–
Goodwill on consolidation	19	**14,170**	14,170	**–**	–
Deposits	24	**14,401**	–	**–**	–
Total non–current assets		**373,503**	352,113	**505,940**	508,571
Current assets					
Stocks	20	**148,435**	143,407	**–**	–
Debtors	21	**198,887**	222,224	**61,175**	52,050
Derivative financial instruments	22	**93**	25,545	**93**	500
Available–for–sale investments	17	**–**	37,301	**–**	–
Tax recoverable		**767**	1,347	**–**	–
Deposits and prepayments	24	**6,800**	9,069	**344**	355
Bank balances and cash	25	**64,221**	54,696	**24,232**	11,342
		419,203	493,589	**85,844**	64,247
Assets held for sale	23	**–**	4,695	**–**	4,695
Total current assets		**419,203**	498,284	**85,844**	68,942
Current liabilities					
Creditors and accrued charges	26	**141,498**	141,429	**42,472**	16,253
Derivative financial instruments	22	**11,419**	–	**8,200**	–
Obligations under finance leases	27	**539**	418	**–**	–
Income tax payable		**2,623**	3,258	**1,015**	685
Bank loans and overdrafts	28	**91,999**	83,091	**20,654**	22,720
Notes	29	**59,972**	14,981	**59,972**	14,981
Total current liabilities		**308,050**	243,177	**132,313**	54,639
Net current assets (liabilities)		**111,153**	255,107	**(46,469)**	14,303
Non–current liabilities					
Bank loans	28	**153,503**	162,370	**135,559**	142,680
Obligations under finance leases	27	**800**	845	**–**	–
Notes	29	**–**	59,804	**–**	59,804
Deferred tax liabilities	30	**4,583**	5,699	**65**	625
Total non–current liabilities		**158,886**	228,718	**135,624**	203,109
		325,770	378,502	**323,847**	319,765
Represented by					
Share capital	31	**230,971**	230,881	**230,971**	230,881
Reserves		**46,852**	99,592	**92,876**	88,884
Attributable to equity holders of the Company		**277,823**	330,473	**323,847**	319,765
Minority interests		**47,947**	48,029	**–**	–
		325,770	378,502	**323,847**	319,765

See accompanying notes to financial statements.

Statements of Changes in Equity

Year Ended 31 March 2008

	Note	Share capital S$'000	Capital reserve # S$'000	Legal reserve S$'000
The Group				
Balance at 1 April 2006		230,731	(35,913)	3,767
Translation loss		–	–	–
Net fair value changes on available-for-sale investments		–	–	–
Net (loss) profit recognised directly in equity		–	–	–
Profit for the year		–	–	–
Total (loss) profit recognised for the year		–	–	–
Issue of shares	31	150	–	–
Dividends				
- paid	11(a)	–	–	–
- proposed	11(b)	–	–	–
Dividends paid to minority shareholders of subsidiaries		–	–	–
Transfer to (from) reserves		–	–	2,523
Fair value adjustments arising from business combinations	38	–	–	–
Effects of changes in shareholdings on minority interest, net		–	–	–
Balance at 31 March 2007		230,881	(35,913)	6,290
Translation loss		–	–	–
Net fair value changes on available–for–sale investments		–	–	–
Loss on revaluation of property	14	–	–	–
Reversal of deferred tax liability on loss on revaluation of property	30	–	–	–
Net (loss) profit recognised directly in equity		–	–	–
Realisation of fair value reserves on disposal of available–for–sale investment		–	–	–
(Loss) profit for the year		–	–	–
Total (loss) profit recognised for the year		–	–	–
Issue of shares	31	90	–	–
Capital contributions		–	–	–
Dividends				
- paid	11(a)	–	–	–
- proposed	11(b)	–	–	–
Dividends paid to minority shareholders of subsidiaries		–	–	–
Transfer to (from) reserves		–	406	2,714
Balance at 31 March 2008		**230,971**	**(35,507)**	**9,004**

Comprises mainly goodwill arising from acquisition of subsidiaries and associates prior to 1 April 2001.

See accompanying notes to financial statements.

Translation reserve S$'000	Property/ Asset revaluation reserve S$'000	Dividend reserve S$'000	Retained profits S$'000	Share option reserve S$'000	Fair value reserve S$'000	Attributable to equity holders of the Company S$'000	Minority interests S$'000	Total S$'000
(49,459)	1,806	2,521	176,600	1,133	(5,444)	325,742	50,840	376,582
(30,575)	–	–	–	–	–	(30,575)	(2,305)	(32,880)
–	–	–	–	–	25,505	25,505	–	25,505
(30,575)	–	–	–	–	25,505	(5,070)	(2,305)	(7,375)
–	–	–	12,119	–	–	12,119	3,523	15,642
(30,575)	–	–	12,119	–	25,505	7,049	1,218	8,267
–	–	–	–	–	–	150	–	150
–	–	(2,521)	(1,206)	–	–	(3,727)	–	(3,727)
–	–	2,740	(2,740)	–	–	–	–	–
–	–	–	–	–	–	–	(2,601)	(2,601)
–	–	–	(2,523)	–	–	–	–	–
–	1,259	–	–	–	–	1,259	–	1,259
–	–	–	–	–	–	–	(1,428)	(1,428)
(80,034)	3,065	2,740	182,250	1,133	20,061	330,473	48,029	378,502
(20,288)	–	–	–	–	–	(20,288)	(443)	(20,731)
–	–	–	–	–	276	276	–	276
–	(1,033)	–	–	–	–	(1,033)	–	(1,033)
–	119	–	–	–	–	119	–	119
(20,288)	(914)	–	–	–	276	(20,926)	(443)	(21,369)
–	–	–	–	–	(23,253)	(23,253)	–	(23,253)
–	–	–	(4,612)	–	–	(4,612)	1,192	(3,420)
(20,288)	(914)	–	(4,612)	–	(22,977)	(48,791)	749	(48,042)
–	–	–	–	–	–	90	–	90
–	–	–	–	–	–	–	1,895	1,895
–	–	(2,740)	(1,209)	–	–	(3,949)	–	(3,949)
–	–	2,742	(2,742)	–	–	–	–	–
–	–	–	–	–	–	–	(2,726)	(2,726)
–	–	–	(3,120)	–	–	–	–	–
(100,322)	**2,151**	**2,742**	**170,567**	**1,133**	**(2,916)**	**277,823**	**47,947**	**325,770**

Statements of Changes in Equity

Year Ended 31 March 2008

	Note	Share capital S$'000	Dividend reserve S$'000	Retained profits S$'000	Share option reserve S$'000	Total S$'000
The Company						
Balance at 1 April 2006		230,731	2,521	74,320	1,133	308,705
Issue of shares	31	150	–	–	–	150
Profit for the year		–	–	14,637	–	14,637
Dividends						
- paid	11(a)	–	(2,521)	(1,206)	–	(3,727)
- proposed	11(b)	–	2,740	(2,740)	–	–
Balance at 31 March 2007		230,881	2,740	85,011	1,133	319,765
Issue of shares	31	90	–	–	–	90
Profit for the year		–	–	7,941	–	7,941
Dividends						
- paid	11(a)	–	(2,740)	(1,209)	–	(3,949)
- proposed	11(b)	–	2,742	(2,742)	–	–
Balance at 31 March 2008		**230,971**	**2,742**	**89,001**	**1,133**	**323,847**

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

	Note	The Group 2008 S$'000	The Group 2007 S$'000
Operating activities			
Profit before income tax		**1,243**	20,125
Adjustments for:			
Allowance for advances to an associate charged		**–**	3,967
Allowance for doubtful debts charged (written back)	21	**5,181**	(811)
Allowance for stock obsolescence charged		**130**	7,760
Amortisation of product development expenditure	18	**3,886**	4,725
Amortisation of technical knowhow	18	**586**	626
Depreciation of property, plant and equipment	14	**29,332**	33,314
Dividend income from available–for–sale investments	5	**(136)**	(515)
Fair value gain on investment properties	5	**(335)**	(2,014)
Finance costs, net	6	**18,121**	17,641
Gain on disposal of investment property		**–**	(19)
Gain on disposal of available–for–sale investments		**(16,658)**	–
Impairment loss on property, plant and equipment	14	**523**	10,272
Interest income	5	**(2,084)**	(2,060)
(Gain) Loss on disposal of property, plant and equipment, net		**(386)**	10
Loss on divestment, deregistration of a subsidiary		**–**	39
Loss on share reform of available–for–sale investments		**–**	1,903
Negative goodwill arising from restructuring of Ningbo GP Energy Co., Ltd ("NGPE")	7	**–**	(7,353)
Product development expenditure written off	18	**–**	2,102
Property, plant and equipment written off		**462**	3,180
Realised gain on commodity contracts		**(5,777)**	(15,613)
Share of losses in relation to fire incident at NGPE	7	**–**	7,543
Share of results of associates		**(12,830)**	(6,608)
Unrealised foreign exchange gain		**(3,193)**	(8,242)
Unrealised fair value loss (gain) of commodity contracts		**35,967**	(25,992)
Operating profit before working capital changes		**54,032**	43,980
Stocks		**(3,663)**	17,200
Debtors		**11,825**	(18,620)
Deposits and prepayments		**(12,373)**	(1,525)
Creditors and accrued charges		**(300)**	19,851
Cash generated from operations		**49,521**	60,886
Interest received		**1,370**	2,509
Interest paid		**(20,460)**	(16,197)
Income tax paid		**(6,480)**	(6,932)
Net cash from operating activities		**23,951**	40,266

	Note	The Group 2008 S$'000	The Group 2007 S$'000
Investing activities			
Acquisition of associates		**(331)**	(15,143)
Acquisition of subsidiaries, net of cash acquired	38	**–**	9,867
Divestment of a subsidiary, net of cash received	38	**–**	53
Dividends received from associates		**7,158**	6,256
Dividends received from available–for–sale investments		**136**	515
Payment for additional interests in a subsidiary		**–**	(2,214)
Proceeds on disposal of available–for–sale investments		**31,452**	–
Proceeds on disposal of investment property		**–**	835
Proceeds on disposal of property, plant and equipment		**4,144**	6,569
Purchase of available–for–sale investments		**(1,573)**	–
Purchase of property, plant and equipment	A	**(39,965)**	(28,277)
Payment for product development expenditure	18	**(1,565)**	–
Net cash used in investing activities		**(544)**	(21,539)
Financing activities			
Bank loans obtained		**9,142**	98,497
Capital contributions from minority shareholders		**1,895**	–
Dividends paid	11(a)	**(3,949)**	(3,727)
Dividends paid to minority shareholders		**(2,726)**	(2,601)
Issue of notes	29	**–**	15,000
Issue of shares	31	**90**	150
Repayment of obligations under finance leases		**(627)**	(662)
Repayment of notes		**(15,000)**	(103,571)
Net cash (used in) from financing activities		**(11,175)**	3,086
Net increase in cash and cash equivalents		**12,232**	21,813
Cash and cash equivalents at 1 April		**52,610**	34,000
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(4,538)**	(3,203)
Cash and cash equivalents at 31 March	B	**60,304**	52,610

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$40,447,000 (2007 : S$28,659,000) of which S$482,000 (2007 : S$382,000) was acquired under finance leases.

B. Cash and cash equivalents at 31 March comprise:

	Note	2008 S$'000	2007 S$'000
Bank balances and cash	25	**64,221**	54,696
Bank overdrafts	28	**(3,917)**	(2,086)
		60,304	52,610

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 199002111N) is incorporated in the Republic of Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited with its registered office and principal place of business at 97 Pioneer Road, Singapore 639579. The financial statements are expressed in Singapore dollars ("S$").

The principal activities of the Company are those of investment holding and the carrying out of functions as the regional headquarters of the Group.

The principal activities of its key subsidiaries are as disclosed in Note 34 to the financial statements.

The financial statements of the Group and of the Company for the year ended 31 March 2008 were authorised for issue by the Board of Directors on 18 June 2008.

As at 31 March 2008, the Company's current liabilities exceeded its current assets by S$46,469,000. The financial statements of the Company have been prepared on a going concern basis as the management is of the view that one of the major shareholders will continue to provide financial support to enable the Company to meet in full its financial obligations as and when they fall due. If the financial support is not forth coming, the going concern basis would then be inappropriate. If the Company was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts they are currently recorded in the balance sheets. In addition, the Company may have to provide for further liabilities that may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below and in the notes to the financial statements.

FRS 107 – *Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures*

The Group has adopted FRS 107 with effect from annual periods beginning on or after April 1, 2007. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital as required by the amendments to FRS 1 which are effective from annual periods beginning on or after April 1, 2007.

FRS 40 – *Investment Property*

FRS 40 is effective for annual periods beginning on or after January 1, 2007. The Group and the Company had early adopted FRS 40 in the financial year ended 31 March 2005. The Group adopted the fair value model under FRS 40 whereby all changes in fair value of the Group's investment properties are recognised in profit or loss.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRSs were issued but not effective:

FRS 1	–	Presentation of Financial Statements (Revised)
FRS 23	–	Borrowing Costs (Revised)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

FRS 40 – *Investment Property* (cont'd)

FRS 108	–	Operating Segments
INT FRS 112	–	Service Concession Arrangements
INT FRS 113	–	Customer Loyalty Programmes
INT FRS 114	–	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs and INT FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements of the Company and the Group in the period of their initial adoption.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Subsidiaries incorporated in the People's Republic of China ("PRC") have adopted 31 December as financial year ends in compliance with the local statutory requirement. Adjustments have been made for the effects of any significant transactions that have occurred between the accounting year end date of the subsidiaries and 31 March. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

All significant intra–group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses. If the subsidiary subsequently reports profits, all such profits are taken to profit or loss until the minority's share of losses previously absorbed has been recovered.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable that has been recognised in profit or loss.

BUSINESS COMBINATION

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* are recognised at their fair values at the acquisition date, except for non–current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non–Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset (except for those arising prior to adoption of FRS 103 *Business Combinations*, which were adjusted to equity) and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATION (cont'd)

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

ASSOCIATES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non–current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post–acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long–term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment annually or when there are indication that the goodwill may be impaired. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

GOODWILL

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset (except for those arising prior to adoption of FRS 103 *Business Combinations*, which were adjusted to equity) at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash–generating units expected to benefit from the synergies of the combination. Cash–generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash–generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro–rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Associates' above.

INVESTMENT PROPERTIES

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT

Freehold land are carried at historical cost or at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation. In accordance with FRS 16 *Property, plant and equipment,* where one–off revaluation had been performed between 1 January 1984 and 31 December 1996 (both dates inclusive), the Group needs not revalue these properties with sufficient regularities.

Leasehold land and leasehold improvements are carried at historical cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount. Buildings are carried at historical cost or at their revalued amounts, less accumulated depreciation and any impairment loss.

Any revaluation surplus arising on the revaluation of freehold land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation deficit for the same asset previously recognised as an expense, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A deficit in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income. Upon retirement or disposal of the revalued asset, the attributable revaluation surplus included in asset revaluation reserve is transferred directly to retained profits.

Depreciation is calculated to write off the cost or valuation of the properties over their estimated useful lives, using the straight–line method, on the following bases:

Buildings	–	2% to 5% per annum
Leasehold improvements	–	3 to 10 years depending on lease terms
Leasehold land	–	over the respective lease periods

Freehold land is not depreciated.

Machinery, moulds and equipment, furniture, fixtures and equipment and motor vehicles are carried at historical cost, less accumulated depreciation and any impairment loss. Depreciation is calculated using the reducing balance method to write off the cost of the plant and equipment over their estimated useful lives, on the following bases:

Machinery, moulds and equipment	10% to 30% per annum
Furniture, fixtures and equipment	10% to 25% per annum
Motor vehicles	10% to 25% per annum

Machinery under construction are not depreciated until they are put into effective use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Fully depreciated assets still in use are retained in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INTANGIBLE ASSETS

Internally–generated intangible assets – product development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally–generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally–generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally–generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised, using the straight–line method, over its estimated commercial life, not exceeding a period of ten years, commencing in the year when the product is put into commercial use.

Intangible assets acquired – technical knowhow

Technical knowhow represents the cost of acquiring the right of technical knowhow (including licence) for the production of new products. The cost is amortised, using the straight–line method, over a period of three to five years from the date of acquisition.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash–generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash–generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and de–recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "available–for–sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near future; or
– it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short–term profit–taking; or
– it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

– such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
– the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
– it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit and loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Available–for–sale financial assets

Certain shares and debt securities held by the Group are classified as being available–for–sale and are stated at fair value. Fair value is determined in the manner described in Note 3. Gains and losses arising from changes in fair value are recognised directly in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in profit or loss for the period. Dividends on available–for–sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available–for–sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

The investment in unquoted equity instruments whereby the fair value cannot be measured reliably are carried at cost less any impairment loss. Impairment loss is not reversed. Gain or loss on disposal are included in profit or loss.

Loans and receivables

Trade debtors, loans and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short–term debtors when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors where the carrying amount is reduced through the use of an allowance account. When a trade debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available–for–sale equity instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available–for–sale equity instruments carried at fair value, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other creditors are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Interest–bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign exchange rates and raw material prices. Further details of derivative financial instruments are disclosed in Note 22 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group does not designate any derivative for hedging purposes.

A derivative is presented as a non–current asset or a non–current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

STOCKS

Stocks consisting of raw materials, work in progress and finished goods are stated at the lower of cost (first–in, first–out method) and net realisable value. Cost of work in progress and finished goods include direct material costs, direct labour costs and overheads that have been incurred in bringing the work in progress and finished goods to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight–line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight–line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessor

Rental income from operating leases is recognised on a straight–line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight–line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSETS HELD FOR SALE

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets (and disposal group) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

SHARE–BASED PAYMENTS

The Group issues equity–settled share–based payments to certain employees. Equity–settled share–based payments are measured at fair value of the equity instruments (excluding the effect of non market–based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity–settled share–based payments is expensed on a straight–line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market–based vesting conditions.

Fair value is measured using the Black–Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non–transferrability, exercise restrictions and behavioural considerations.

LEGAL RESERVES

Legal reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the People's Republic of China (excluding Hong Kong) (the "PRC") in accordance with the PRC requirement. The legal reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income from investment properties is recognised on a straight–line basis over the term of the relevant lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Revenue from rendering of services of short duration is recognised when the services are completed.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight–line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state–managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non–monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non–monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non–monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non–monetary items in respect of which gains and losses are recognised directly in equity. For such non–monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation (except for those arising prior to adoption of FRS 103 *Business Combinations*) are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS

Cash and bank balances comprise cash on hand and demand deposits, bank overdrafts and other short–term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the balance sheet date:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Financial Assets				
Fair value through profit or loss (FVTPL):				
Held for trading	**93**	25,545	**93**	500
Loans and receivables (including cash and cash equivalents)	**284,309**	285,989	**85,751**	63,747
Available-for-sale financial assets	**7,788**	41,056	**–**	–
Financial Liabilities				
Amortised cost	**448,311**	462,938	**258,657**	256,438
Fair value through profit or loss (FVTPL):				
Held for trading	**11,419**	–	**8,200**	–

(b) *Financial risk management policies and objectives*

The directors monitor and manage the financial risks relating to the operations of the Group through analysing exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's major financial instruments include trade and other receivables, trade and other payables, bank balances and bank loans. Details of these financial instruments are disclosed in the respective notes. The Group enters into a variety of derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign exchange rates and raw material prices, including:

- non-deliverable commodity contracts of raw nickel to manage the risk arising from the fluctuations of nickel prices;
- forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods; and
- interest rate swaps to mitigate the risk of rising interest rates.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. In managing the Group's exposure to fluctuations in foreign exchange rate and raw material prices, the Group will use forward contracts to hedge up to maximum period of 12 months.

The Group does not hold or issue derivative financial instruments for speculative purposes.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives* (cont'd)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the United States dollars, Hong Kong dollars, Chinese Renminbi and Japanese Yen and therefore is exposed to foreign exchange risk.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	The Group				The Company			
	Liabilities		Assets		Liabilities		Assets	
	2008	2007	2008	2007	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollars	**189,421**	176,797	**169,215**	130,692	**138,834**	115,930	**31,058**	30,068
Hong Kong dollars	**591**	296	**2,540**	2,871	**6,529**	270	**22,970**	19,190
Chinese Renminbi	**6,963**	1,446	**5,709**	38,437	**–**	–	**21,541**	535
Japanese Yen	**9,138**	3,367	**92**	110	**–**	1,932	**30**	28

Certain companies in the Group use forward contracts to hedge their exposure to foreign currency risk in the local reporting currency.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Further details on the forward exchange derivative hedging instruments are found in Note 22 to the financial statements.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the functional currency of each group entity against the relevant foreign currencies. 5% is the sensitivity rate used for illustrative purposes. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the functional currency of each group entity strengthens by 5% against the relevant foreign currency, profit or loss will increase (decrease) by:

	The Group (I)		The Company (II)	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
United States dollars impact	**1,753**	2,314	**(8,486)**	(7,294)
Hong Kong dollars impact	**(97)**	(128)	**(1,475)**	(972)
Chinese Renminbi impact	**173**	16	**(1,077)**	(27)
Japanese Yen impact	**452**	163	**(1)**	(98)

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives* (cont'd)

(i) Foreign exchange risk management (cont'd)

If the relevant foreign currency strengthens by 5% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	The Group (I)		The Company (II)	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
United States dollars impact	**(1,753)**	(2,314)	**8,486**	7,294
Hong Kong dollars impact	**97**	128	**1,475**	972
Chinese Renminbi impact	**(173)**	(16)	**1,077**	27
Japanese Yen impact	**(452)**	(163)	**1**	98

(I) This is mainly attributable to the exposure outstanding on receivables, payables and bank loans at year end in the Group.

(II) This is mainly attributable to the exposure on outstanding inter–company receivables, payables and bank loans at the year end.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest–bearing financial instruments can be found in section (v) of this Note. The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The Group enters into interest rate swap to minimize its interest rate risk. The duration of such interest rate swaps does not exceed the tenor of the underlying debts. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Further details of the interest rate swaps can be found in Note 22 to the financial statements.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non–derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used for illustrative purposes.

If interest rates had been 50 basis points higher or lower and all other variables were held constant:

- the Group's profit for the year ended 31 March 2008 would decrease/increase by S$1,327,000 (2007 : decrease/increase by S$1,326,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and

- the Company's profit for the year ended 31 March 2008 would decrease/increase by S$881,000 (2007 : decrease/increase by S$926,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as held–for–trading and available–for–sale. Available–for–sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Note 17 to the financial statements.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

In respect of available–for–sale equity investments, if the equity price or valuation had been 5% higher/lower while all other variables were held constant:

- the Group's net profit for the year ended 31 March 2008 would have been unaffected as the equity investments are classified as available–for–sale and no investments were disposed of or impaired; and

- the Group's fair value reserves would increase/decrease by S$127,000 (2007 : increase/decrease by S$116,000).

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed regularly.

Trade debtors consist of a large number of customers spreading across diverse industries and geographical areas. Ongoing credit evaluation is performed and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit–ratings assigned by international credit–rating agencies.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other debtors are disclosed in Note 21.

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

	The Group		**The Company**	
	2008	**2007**	**2008**	**2007**
	S$'000	**S$'000**	**S$'000**	**S$'000**
By geographical areas				
Asia	**86,444**	108,688	**30,126**	25,432
North and South America	**17,913**	17,178	**–**	–
Europe and others	**57,709**	70,943	**–**	–
	162,066	196,809	**30,126**	25,432

3 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available.

One of the major shareholders has undertaken to provide the Company with sufficient liquidity to enable the Company to meet its funding needs.

Liquidity and interest risk analyses

Non–derivative financial liabilities

The following tables detail the remaining contractual maturity for non–derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the balance sheet.

	Weighted average effective interest rate %	On demand or within 1 year S$'000	Within 2 to 5 years S$'000	Adjustment S$'000	Total S$'000
The Group					
2008					
Non–interest bearing	–	141,498	–	–	141,498
Finance lease liability (fixed rate)	4.40	602	842	(105)	1,339
Variable interest rate instruments	3.99	162,374	157,300	(14,200)	305,474
		304,474	158,142	(14,305)	448,311
2007					
Non–interest bearing	–	141,429	–	–	141,429
Finance lease liability (fixed rate)	4.46	462	902	(101)	1,263
Variable interest rate instruments	5.18	96,580	233,742	(25,057)	305,265
Fixed interest rate instruments	4.15	15,551	–	(570)	14,981
		254,022	234,644	(25,728)	462,938
The Company					
2008					
Non–interest bearing	–	42,472	–	–	42,472
Variable interest rate instruments	3.74	86,899	138,583	(9,297)	216,185
		129,371	138,583	(9,297)	258,657
2007					
Non–interest bearing	–	16,253	–	–	16,253
Variable interest rate instruments	4.11	32,516	212,278	(19,590)	225,204
Fixed interest rate instruments	4.15	15,551	–	(570)	14,981
		64,320	212,278	(20,160)	256,438

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Non–derivative financial assets

The following table details the expected maturity for non–derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the balance sheet.

	Weighted average effective interest rate %	On demand or within 1 year S$'000	After 5 years S$'000	Adjustment S$'000	Total S$'000
The Group					
2008					
Non–interest bearing	–	250,099	7,788	–	257,887
Variable interest rate instruments	5.39	13,711	–	(702)	13,009
		263,810	7,788	(702)	270,896
2007					
Non–interest bearing	–	296,356	3,755	–	300,111
Variable interest rate instruments	6.00	18,937	–	(1,072)	17,865
		315,293	3,755	(1,072)	317,976

The Company's non–derivative financial assets of S$85,407,000 (2007: S$63,392,000) are due on demand and interest–free.

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current debtors and creditors approximate their respective fair values due to the relatively short–term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives* (cont'd)

(vi) Fair value of financial assets and financial liabilities (cont'd)

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non–optional derivatives, and option pricing models for optional derivatives.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 26 to 29, cash and cash equivalents and equity attributable to equity holders, comprising issued capital as disclosed in Note 31, reserves and retained earnings.

The Group's overall strategy remains unchanged from 2007.

4 REVENUE

	The Group	
	2008 S$'000	2007 S$'000
Sales of products	**976,382**	819,722

5 OTHER OPERATING INCOME

	The Group	
	2008 S$'000	2007 S$'000
Compensation from a customer	**2,933**	–
Dividend income from available–for–sale investment in:		
Quoted securities	**136**	143
Unquoted securities	**–**	372
Fair value gain on investment properties (Note 13)	**335**	2,014
Foreign exchange gain, net	**1,434**	10,012
Gain on disposal of property, plant and equipment	**386**	–
Incentive for reinvestment of profit in the People's Republic of China	**291**	–
Interest income	**2,084**	2,060
Management fee income	**114**	122
Rental income	**820**	1,131
Unrealised fair value gain on commodity contracts	**–**	25,992
Technical fee income	**2,937**	–
	11,470	41,846

6 FINANCE COSTS, NET

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Interest expense on:		
Bank loans and overdrafts	**14,823**	11,805
Notes	**3,035**	5,848
Finance leases	**105**	83
	17,963	17,736
Realised gain on interest rate swap	**(249)**	(795)
Unrealised fair value loss on interest rate swap	**407**	700
	18,121	17,641

7 EXCEPTIONAL ITEMS

		The Group	
	Note	**2008**	**2007**
		S$'000	**S$'000**
Gain on disposal of available–for–sale investments [(a)]		**(16,658)**	–
Negative goodwill arising from restructuring of Ningbo GP Energy Co., Ltd ("NGPE")	38	**–**	(7,353)
Share of losses in relation to fire incident at NGPE	38	**–**	7,543
		(16,658)	190

(a) Includes amount of S$23,253,000 which relates to recycling of gain from equity.

8 PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the consolidated profit and loss statement, this item has been arrived at after charging (crediting):

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Allowance for advances to an associate charged	**–**	3,967
Allowance for stock obsolescence charged	**130**	7,760
Audit fees		
Auditors of the Company	**238**	188
Other auditors	**852**	823
Non–audit fees		
Auditors of the Company	**30**	18
Other auditors	**164**	63
Cost of inventories recognised as expense	**817,118**	673,313
Impairment loss on property, plant and equipment [(a)]	**523**	10,272
(Gain) Loss on disposal of property, plant and equipment, net	**(386)**	10
Loss on share reform of available–for–sale investment [(a)]	**–**	1,903
Operating lease expense	**5,156**	4,621
Product development expenditure written off [(a)]	**–**	2,102
Property, plant and equipment written off [(a)]	**462**	3,180
Unrealised fair value loss (gain) on commodity contracts [(a)]	**35,967**	(25,992)
Realised gain on commodity contracts [(b)]	**(5,777)**	(15,613)

(a) Included in other operating expenses / other operating income in the profit and loss statement
(b) Included in cost of sales in the profit and loss statement

9 STAFF COSTS

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Directors' remuneration:		
Fees	**125**	125
Emoluments	**2,329**	2,407
Salaries and wages	**115,389**	108,864
Defined contribution plans	**4,875**	4,193
	122,718	115,589

10 INCOME TAX

	The Group	
	2008	2007
	S$'000	S$'000
Current income tax:		
Provision for current year	**5,039**	7,150
Under (Over) provision in prior year	**1,328**	(527)
	6,367	6,623
Deferred income tax:		
Write back for current year	**(305)**	(1,529)
Overprovision in prior year	**(1,399)**	(611)
	(1,704)	(2,140)
	4,663	4,483

The Company was awarded International Headquarters ("IHQ") status by the Economic Development Board for a period of 6 years with effect from 1 July 1990. It was subsequently granted extensions of the IHQ status from 1 July 1996 to 30 June 2007. Under this scheme, dividend income received from approved qualifying corporations within the Group is exempted from Singapore tax and certain types of income received from approved qualifying corporations are taxed at a concessionary rate of 10%.

Under Section 13(8) of the Income Tax Act, foreign–sourced dividend received in Singapore by a Singapore resident company would be exempted from tax in Singapore if such dividend is paid out of profit that has been subjected to tax in the foreign jurisdiction from where the income is received and at the time the foreign–sourced dividend is received in Singapore, the headline tax rate of the foreign jurisdiction is at least 15%. As the Company continues to receive substantial foreign–sourced dividend incomes from corporations within the Group which are paid out of profits that have been subjected to tax at a headline tax rate of at least 15% in the foreign jurisdictions, such dividend income is exempted from tax in Singapore.

The Company is able to continue paying tax–exempt dividend to its members as it has balance in its tax-exempt dividend account.

A loss transfer system of group relief (group relief system) for companies was introduced in Singapore with effect from year of assessment 2003. Under the group relief system, a Singapore incorporated company belonging to a group may transfer its current year unabsorbed capital allowances, trade losses and donations (loss items) to another Singapore incorporated company belonging to the same group, to be deducted against the assessable income of the latter company.

During the year, a Singapore incorporated subsidiary transferred unutilised tax losses and unabsorbed capital allowances of approximately S$1,445,000 (2007 : S$3,629,300) and S$Nil (2007 : S$1,023,000) respectively to the Company under the group relief system at zero consideration, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

10 INCOME TAX (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2007 : 18%) to profit before income tax as a result of the following differences:

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Profit before income tax	**1,243**	20,125
Income tax at statutory rate	**224**	3,623
Add/(Less):		
Tax effect of share of results of associates	**(2,309)**	(1,189)
Effect of different tax rates of overseas operations	**(1,039)**	333
Income not subject to tax	**(1,871)**	(236)
Utilisation of previously unrecognised deferred tax benefits	**(244)**	–
Overprovision in prior year	**(71)**	(1,138)
Non–allowable items	**3,575**	568
Unrecognised deferred tax benefits	**6,398**	2,522
Income tax at effective tax rate	**4,663**	4,483

11 DIVIDENDS

a) Dividends paid during the financial year are as follows:

	The Group and the Company	
	2008	**2007**
	S$'000	**S$'000**
2007 final tax–exempt dividend of 2.5 Singapore cents per share	**2,740**	–
2008 interim tax–exempt dividend of 1.1 Singapore cents per share	**1,209**	–
2006 final tax–exempt dividend of 2.3 Singapore cents per share	**–**	2,521
2007 interim tax–exempt dividend of 1.1 Singapore cents per share	**–**	1,206
	3,949	3,727

b) Proposed dividends at 31 March are as follows:

2008 final tax–exempt dividend of 2.5 Singapore cents per share	**2,742**	–
2007 final tax–exempt dividend of 2.5 Singapore cents per share	**–**	2,740

The proposed dividends are subject to approval by the shareholders in the annual general meeting and hence not presented as liabilities as at year end.

12 (LOSS) EARNINGS PER SHARE

The following data are used in computing basic and fully diluted earnings per share disclosed in the profit and loss statement.

a) Earnings

	The Group	
	2008	**2007**
	S$'000	**S$'000**
(Loss) Profit attributable to equity holders of the Company	**(4,612)**	12,119

b) Number of shares

	The Group	
	2008	**2007**
Weighted average number of ordinary shares used in calculating basic earnings per share	**109,666,786**	109,609,579
Effect of dilutive potentially ordinary shares:		
Share options	**3,272,000**	3,053,435
Weighted average number of ordinary shares used in calculating diluted earnings per share adjusted for the effects of all dilutive potential ordinary shares	**112,938,786**	112,663,014

There is no dilutive effect for 2008 given that the Group is in a loss position.

13 INVESTMENT PROPERTIES

		The Group	
	Note	**2008**	**2007**
		S$'000	**S$'000**
At 1 April		**16,230**	16,075
Currency realignment		**(1,434)**	(1,059)
Fair value gain	5	**335**	2,014
Disposal		**–**	(800)
Transfer to property, plant and equipment	14	**(13,892)**	–
At 31 March		**1,239**	16,230

The carrying amount of investment property is the fair value of the property as determined by an independent appraiser having appropriate recognised professional qualification and adequate experience in the location and category of the property being valued where possible. Fair values were determined having regard to the existing use of the property, recent market transactions for similar properties in the same location as of the property being valued or capitalisation of the net rental incomes with due allowance for reversionary income potential. Where independent appraisals are not sought, fair values were determined having regard to recent market transactions for similar properties in the same location of the property being valued.

As at 31 March 2008, the Group has transferred investment properties with a carrying amount of S$13,892,000 (2007 :S$ Nil) to property, plant and equipment as the investment properties were leased to related companies and did not meet the definition of investment properties as included in FRS 40 *Investment Property*.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to S$163,000 (2007 : S$716,000). Direct operating expenses arising on the investment properties in the year amounted to S$8,000 (2007 : S$322,000).

13 INVESTMENT PROPERTIES (cont'd)

Particulars of the properties included in investment properties are as follows:

Location	Description	Tenure
China		
Pao Lou Keng Gu Tang Au, Huizhou City Guangdong, China	A 10,200–square metre plot of land with a 3–storey factory building and a single–storey warehouse with gross floor area of 3,359 square metres and 1,000 square metres respectively	47 years from 2004

14 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Machinery under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group							
Cost/Valuation:							
At 1 April 2006		29,217	55,556	426,546	14,538	49,970	575,827
Currency realignment		(1,193)	(2,267)	(19,542)	(901)	(1,952)	(25,855)
On acquisition of subsidiaries		952	–	13,632	–	531	15,115
On divestment of a subsidiary		–	(4,373)	(1,730)	(50)	(240)	(6,393)
Reclassified as assets held for sale	23	–	(4,532)	–	–	–	(4,532)
Transfer		–	–	9,169	(9,169)	–	–
Additions		33	18,579	2,960	4,062	3,025	28,659
Disposals and write–offs		(912)	(578)	(8,427)	(894)	(1,837)	(12,648)
At 31 March 2007		28,097	62,385	422,608	7,586	49,497	570,173
Currency realignment		738	(2,075)	(13,930)	924	(2,474)	(16,817)
Transfer from investment properties	13	4,416	9,476	–	–	–	13,892
Revaluation loss		(1,033)	–	–	–	–	(1,033)
Transfer		–	–	8,644	(8,644)	–	–
Additions		358	7,434	13,847	13,467	5,341	40,447
Disposals and write–offs		(17)	(233)	(3,968)	(22)	(2,684)	(6,924)
At 31 March 2008		32,559	76,987	427,201	13,311	49,680	599,738
Represented by:							
At 31 March 2008							
Cost		25,095	76,987	425,258	13,311	49,680	590,331
Valuation		7,464	–	1,943	–	–	9,407
Total		32,559	76,987	427,201	13,311	49,680	599,738
At 31 March 2007							
Cost		19,749	62,385	420,665	7,586	49,497	559,882
Valuation		8,348	–	1,943	–	–	10,291
Total		28,097	62,385	422,608	7,586	49,497	570,173

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Note	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Machinery under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group							
Accumulated depreciation:							
At 1 April 2006		4,539	18,811	245,363	–	33,168	301,881
Currency realignment		(209)	(1,390)	(12,413)	–	(1,583)	(15,595)
On acquisition of subsidiaries		114	–	34	–	290	438
On divestment of a subsidiary		–	–	(236)	–	(88)	(324)
Reclassified as assets held for sale	23	–	(1,331)	–	–	–	(1,331)
Depreciation		527	2,456	26,558	–	3,773	33,314
Disposals and write–offs		(165)	(247)	(4,683)	–	(1,165)	(6,260)
At 31 March 2007		4,806	18,299	254,623	–	34,395	312,123
Currency realignment		755	(1,442)	(9,273)	–	(1,802)	(11,762)
Depreciation		734	2,148	22,668	–	3,782	29,332
Disposals and write–offs		(8)	(228)	(2,249)	–	(1,948)	(4,433)
At 31 March 2008		6,287	18,777	265,769	–	34,427	325,260
Impairment loss:							
At 1 April 2006		–	2,000	–	–	–	2,000
Currency realignment		–	138	–	–	–	138
Charge for the year		–	–	10,272	–	–	10,272
At 31 March 2007		–	2,138	10,272	–	–	12,410
Currency realignment		–	(114)	(206)	–	–	(320)
Charge for the year		–	345	178	–	–	523
Disposals		–	–	(1,263)	–	–	(1,263)
At 31 March 2008		–	2,369	8,981	–	–	11,350
Carrying amount:							
At 31 March 2008		26,272	55,841	152,451	13,311	15,253	263,128
At 31 March 2007		23,291	41,948	157,713	7,586	15,102	245,640
Carrying amount of assets that would have been included in the financial statements had the assets been carried at cost less depreciation:							
At 31 March 2008		25,541	55,841	152,451	13,311	15,253	262,397
At 31 March 2007		21,878	41,948	157,713	7,586	15,102	244,227

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land, building and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Furniture, fixtures, equipment and motor vehicle S$'000	Total S$'000
The Company				
Cost:				
At 1 April 2006	4,548	6,522	1,443	12,513
Additions	–	74	93	167
Disposals and write–offs	(16)	(113)	(40)	(169)
Reclassified as assets held for sale (Note 23)	(4,532)	–	–	(4,532)
At 31 March 2007	–	6,483	1,496	7,979
Additions	–	34	98	132
Disposals and write–offs	–	(5,766)	(484)	(6,250)
At 31 March 2008	–	751	1,110	1,861
Accumulated depreciation:				
At 1 April 2006	1,224	4,030	1,138	6,392
Depreciation	108	369	77	554
Disposals and write–offs	(1)	(30)	(30)	(61)
Reclassified as assets held for sale (Note 23)	(1,331)	–	–	(1,331)
At 31 March 2007	–	4,369	1,185	5,554
Depreciation	–	125	70	195
Disposals and write–offs	–	(3,991)	(391)	(4,382)
At 31 March 2008	–	503	864	1,367
Impairment loss:				
At 1 April 2006	–	–	–	–
Charge for the year	–	1,263	–	1,263
At 31 March 2007	–	1,263	–	1,263
Disposals	–	(1,263)	–	(1,263)
At 31 March 2008	–	–	–	–
Carrying amount:				
At 31 March 2008	–	248	246	494
At 31 March 2007	–	851	311	1,162

The carrying amount of property, plant and equipment includes an amount of S$1,034,000 (2007 : S$970,000) for the Group in respect of certain machinery, moulds, equipment and motor vehicles held under finance leases (Note 27).

Land and buildings with a total carrying value of S$3,502,000 (2007 : S$3,901,000) for the Group have been pledged to banks as securities for banking facilities granted. These facilities remained unutilised as at the end of the current financial year.

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The freehold land and buildings of the Group amounting to S$7,464,000 (2007 : S$8,348,000) stated at valuation were revalued by an independent professional valuer in March 1994 based on the open market value on a willing buyer and willing seller basis for existing use. In accordance with FRS 16 *Property, plant and equipment*, where an one–off revaluation had been performed between 1 January 1984 and 31 December 1996 (both dates inclusive), the Group needs not revalue these properties with sufficient regularities. The resulting revaluation surpluses have been credited to the property revaluation reserve and the balance as at year end amounted to S$892,000 (2007 : S$1,806,000) for the Group in respect of the above assets. The change in the property revaluation reserve between 2008 and 2007 is due to an independent valuation carried out based on the open market value on a willing buyer and willing seller basis for existing use during the year.

During the financial year, the Group carried out a review of the recoverable amount of its properties and machineries as part of its plan to realign the Group's operations. Arising from this review, an impairment loss of S$523,000 (2007 : S$10,272,000) was recognised to write down the carrying amount of a property and machineries to their recoverable amount. The recoverable amount for the property and machineries are determined based on the fair value less costs to sell (2007: value in use with discount rate of 12%).

Particulars of the major properties included in freehold land, leasehold land and buildings are as follows:

Location	Description	Tenure
Singapore		
97 Pioneer Road, Singapore	A 2–storey factory building with built–up area of 6,407 square metres	56 years from 1994
Taiwan		
No. 211 Chung Cheng Road, Section 2 Hukow, Hsin–chu 30302, Taiwan	A 2–storey factory building with built–up area of 6,654 square metres and a warehouse with built–up area of 169 square metres	Freehold
Malaysia		
No. 5, Jalan Tampoi Tujuh, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor, Malaysia	A 19,652–square metre plot of land with a 3–storey factory building with built–up area of 6,450 square metres	Freehold
	A 18,110–square metre plot of land with a warehouse with built–up area of 2,106 square metres	Freehold
#18–00 and #19–00 Pacific Mall, Johor Bahru, Johor, Malaysia	Two storeys of office buildings of approximately 2,582 square metres	Freehold

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Location	Description	Tenure
China		
No. 1–2, First Hong Ye Dong Road Hong Ye Industrial Area Tang Xia, Dongguan, Guangdong, China	A 3–storey factory building with built–up area of 4,119 square metres	50 years from 1993
Road 12, Hong Ye Road Hong Ye Industrial Area (138) Tang Xia, Dongguan, Guangdong, China	A 30,821–square metre plot of land with a 3–storey factory building and 7–storey staff quarters with built–up area of 9,840 square metres and 13,269 square metres respectively	50 years from 1995
99, Dahetou Road Duantang, Ningbo, China	Four factory buildings and office buildings with built–up area of 33,266 square metres	50 years from 1998
Lot No. 22 and No. 48 Peng Nam Industrial District, Huizhou City, Guangdong, China	A 8,752–square metre plot of land with a 3–storey factory building and 5–storey staff quarters with built–up area of 6,613 square metres and 1,224 square metres respectively	48 years from 2000
Gu Tang Au Industrial Development District, Huizhou City, Guangdong, China	A 13,034–square metre plot of land with a 3–storey factory building and staff quarters with built–up area of 11,149 square metres	50 years from 1997
	A 2,461–square metre plot of land with a 2–storey factory building with built–up area of 1,692 square metres	50 years from 2003
	A 13,590–square metre plot of land with a factory building with built–up area of 6,427 square metres	50 years from 1997
Land Lot K–6–B No 128 Xingguan Road No 1558 Jiangnan Road Ningbo Science and Technology Park Ningbo City, Zhejiang, China	A 137, 886–square metre plot of land for factory and a 9,500–square metre plot of land with a 2–storey factory and office building	50 years from 1999
USA		
11225, 11235 and 11245 West Bernardo Court San Diego, CA92127-1638, USA	Industrial buildings for office and warehouse	Freehold

15 INTEREST IN SUBSIDIARIES

	The Company	
	2008	**2007**
	S$'000	**S$'000**
Unquoted equity shares, at cost	**187,835**	182,155
Less: Impairment loss	**(30,000)**	(14,000)
	157,835	168,155
Amounts due from subsidiaries – non–trade	**333,858**	349,304
Amounts due to subsidiaries – non–trade	**–**	(21,503)
Net	**333,858**	327,801
Financial guarantee contracts to subsidiaries	**2,000**	–
Total interest in subsidiaries	**493,693**	495,956

As at 31 March 2008, the net amounts due from subsidiaries are interest free and form part of the Company's net investment in the subsidiaries. These amounts are unsecured and there are no contractual obligations to repay the Company given that the eventual return of the capital contribution is at the discretion and ability of the subsidiaries.

During the year, the Company carried out a review of the recoverable amount of its investments in subsidiaries given that the Company's share of the net assets of these subsidiaries is lower than its carrying cost of those investments. Arising from this review, the Company recognised an impairment loss of S$16,000,000 (2007 : S$14,000,000) in the profit and loss statement. The recoverable amounts of the investments have been determined on the basis of the estimated recoverable amounts of their underlying assets.

Details of the key subsidiaries are set out in Note 34 to the financial statements.

16 INTEREST IN ASSOCIATES

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Unquoted equity shares, at cost	**46,711**	46,380	**11,453**	11,453
Goodwill on acquisition				
Prior to 1 April 2001#	**(18,512)**	(18,512)	**–**	–
After 1 April 2001	**8,858**	8,858	**–**	–
	37,057	36,726	**11,453**	11,453
Financial guarantee contracts to associates	**–**	–	**300**	–
Share of post–acquisition profits, net of dividends received	**24,429**	18,757	**–**	–
Translation adjustments	**(5,429)**	(3,500)	**–**	–
	56,057	51,983	**11,753**	11,453

Goodwill on acquisition prior to 1 April 2001 was written off to capital reserves.

16 INTEREST IN ASSOCIATES (cont'd)

Summarised financial information in respect of the Group's associates is set out below:

	The Group	
	2008	2007
	S$'000	S$'000
Total assets	**329,398**	278,498
Total liabilities	**(202,683)**	(160,341)
Net assets	**126,715**	118,157
Group's share of associates' net assets	**56,057**	51,983
Revenue	**629,232**	455,121
Profit for the year	**34,656**	21,189
Group's share of associates' profit for the year	**12,830**	6,608

The Group has not recognised losses relating to certain associates where its share of losses exceeds the Group's carrying amount of its investment in those associates. The Group's cumulative share of unrecognised losses was S$8,846,000 (2007 : S$5,409,000) of which S$3,437,000 was the share of the current year losses (2007 : S$2,496,000). The Group has no obligation in respect of those losses.

Details of the key associates are set out in Note 35 to the financial statements.

17 AVAILABLE–FOR–SALE INVESTMENTS

	The Group	
	2008	2007
	S$'000	S$'000
Equity shares:		
Quoted, at fair value	**5,228**	39,825
Unquoted, at cost	**2,560**	1,231
Total available–for–sale investments	**7,788**	41,056
Presented in the balance sheet as:		
Non–current assets	**7,788**	3,755
Current assets	**–**	37,301
	7,788	41,056

The investments above include investments in equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

As at 31 March 2008 and 2007, the fair value of quoted securities are based on the quoted closing market prices on the last market day of the financial year.

The investment in unquoted equity shares represents investment in a company where the recoverability of this investment is uncertain and dependent on the outcome of its activities. The investment in unquoted equity shares is carried at cost, subject to impairment test.

17 AVAILABLE–FOR–SALE INVESTMENTS (cont'd)

The Group's available–for–sale investments that are not denominated in the functional currencies of the respective entities are as follows:

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Chinese Renminbi	**–**	37,301
Swedish Kronor	**1,125**	1,231
New Taiwan dollars	**1,435**	–
Sterling Pounds	**2,692**	–

18 INTANGIBLE ASSETS

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Product development expenditure				
Cost:				
At 1 April	**44,088**	53,051	**–**	3,133
Currency realignment	**(3,865)**	(2,957)	**–**	–
Addition (Write–off)	**1,565**	(6,006)	**–**	(3,133)
At 31 March	**41,788**	44,088	**–**	–
Accumulated amortisation:				
At 1 April	**27,328**	28,204	**–**	1,723
Currency realignment	**(2,629)**	(1,697)	**–**	–
Amortisation for the year*	**3,886**	4,725	**–**	313
Write–off	**–**	(3,904)	**–**	(2,036)
At 31 March	**28,585**	27,328	**–**	–
Net	**13,203**	16,760	**–**	–
Technical knowhow				
Cost:				
At 1 April	**10,023**	10,769	**–**	–
Currency realignment	**(871)**	(746)	**–**	–
At 31 March	**9,152**	10,023	**–**	–
Accumulated amortisation:				
At 1 April	**8,817**	8,825	**–**	–
Currency realignment	**(801)**	(634)	**–**	–
Amortisation for the year*	**586**	626	**–**	–
At 31 March	**8,602**	8,817	**–**	–
Net	**550**	1,206	**–**	–
Total intangible assets at 31 March	**13,753**	17,966	**–**	–

* Included in administrative expenses in profit or loss.

19 GOODWILL ON CONSOLIDATION

	The Group	
	2008	2007
	S$'000	S$'000
Cost:		
At 1 April	**14,170**	12,558
Arising on acquisition of subsidiaries	**–**	1,612
At 31 March	**14,170**	14,170
Carrying amount:		
At 31 March	**14,170**	14,170

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Goodwill acquired in a business combination is allocated to the cash–generating units ("CGU") (mainly Zhongyin (Ningbo) Battery Co., Ltd and Gold Peak Industries (Taiwan) Limited) that are expected to benefit from that business combination.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre–tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next one year and extrapolates cash flows for the following five years based on a growth rate of approximately 5% (2007 : 5%).

The rate used to discount the forecast cashflows is 12% (2007 : 12%).

20 STOCKS

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Raw materials				
At cost	**33,086**	34,037	**–**	300
At net realisable value	**363**	4,873	**–**	–
Work in progress				
At cost	**28,923**	27,596	**–**	1,056
At net realisable value	**1,098**	372	**–**	–
Finished goods				
At cost	**84,096**	71,735	**–**	138
At net realisable value	**869**	6,288	**–**	–
	148,435	144,901	**–**	1,494
Reclassified to assets held for sale (Note 23)	**–**	(1,494)	**–**	(1,494)
	148,435	143,407	**–**	–

21 DEBTORS

	Note	The Group 2008 S$'000	The Group 2007 S$'000	The Company 2008 S$'000	The Company 2007 S$'000
Trade					
Outside parties		**157,757**	176,306	**–**	–
Less: Allowances for doubtful debts		**(9,661)**	(5,057)	**–**	–
		148,096	171,249	**–**	–
Amounts due from:					
Associates	16, 35	**13,815**	25,424	**–**	–
Subsidiaries	15, 34	**–**	–	**30,126**	25,432
Related parties	36	**155**	136	**–**	–
		13,970	25,560	**30,126**	25,432
		162,066	196,809	**30,126**	25,432
Non-trade					
Outside parties		**25,458**	20,242	**174**	539
Amounts due from:					
Associates	16, 35	**14,636**	8,480	**6,354**	3,484
Less: Allowance for doubtful debts		**(3,967)**	(3,967)	**–**	–
		10,669	4,513	**6,354**	3,484
Subsidiaries	15, 34	**–**	–	**24,407**	22,463
Related parties	36	**694**	660	**114**	132
		11,363	5,173	**30,875**	26,079
		36,821	25,415	**31,049**	26,618
Total		**198,887**	222,224	**61,175**	52,050

The amounts due from subsidiaries, associates and related parties are unsecured and repayable on demand. The effective interest rates for the above are set out in Note 3 to the financial statements. The average credit period on sale of goods ranges from 60 to 90 days (2007 : 60 to 90 days). Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

The Group's and the Company's debtors that are not denominated in the functional currencies of the respective entities are as follows:

	The Group 2008 S$'000	The Group 2007 S$'000	The Company 2008 S$'000	The Company 2007 S$'000
United States dollars	**126,435**	92,336	**8,862**	21,450
Chinese Renminbi	**2,077**	605	**21,538**	534
Hong Kong dollars	**341**	395	**20,888**	16,771
Euro	**782**	2,166	**76**	–
Japanese Yen	**37**	1	**–**	–
Singapore dollars	**796**	632	**–**	–

21 DEBTORS (cont'd)

The Group closely monitor the credit quality of its debtors (both trade and non–trade) and considers the debtors that are neither past due nor impaired to be of a good credit quality. Based on the payment pattern of the Group, debtors that are past due but not impaired are generally collectible. Included in the Group's trade debtors are debtors with a carrying amount of S$73,993,000 (2007: S$91,010,000) which are past due at the reporting date for which the Group has not made any provision given that there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables are 2 months (2007: 2 months). Specific provision are made for those balances deemed uncollectible.

Movement in the allowance for doubtful debts (trade):

	The Group	
	2008 S$'000	2007 S$'000
Balance at 1 April	**5,057**	5,868
Currency realignment	**(129)**	–
Charged (Written back) for the year	**5,181**	(811)
Amounts written off for the year	**(448)**	–
Balance at 31 March	**9,661**	5,057

There was no movement in allowance for non–trade doubtful debts during the year.

22 DERIVATIVE FINANCIAL INSTRUMENTS

	2008		2007	
	Assets S$'000	Liabilities S$'000	Assets S$'000	Liabilities S$'000
The Group				
Commodity contracts	**–**	**(11,419)**	25,045	–
Interest rate swaps	**93**	**–**	500	–
	93	**(11,419)**	25,545	–
The Company				
Commodity contracts	**–**	**(8,200)**	–	–
Interest rate swaps	**93**	**–**	500	–
	93	**(8,200)**	500	–

22 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Commodity contracts

The Group and the Company had outstanding non-deliverable commodity contracts in respect of the purchase of 690 and 540 metric tonnes (2007: 1,665 and Nil metric tonnes) respectively as well as the sale of 525 and 375 metric tonnes (2007: Nil metric tonnes) respectively of raw nickel at fixed prices to manage the risk arising from the fluctuation of nickel prices.

The notional amounts of these commodity contracts for the Group and the Company were approximately S$33,559,000 and S$26,146,000 (2007: S$68,000,000 and S$Nil) respectively for purchase contracts and S$23,693,000 and S$17,099,000 (2007: Nil) respectively for sale contracts. The contracts have maturity dates ranging from 30 April 2008 to 31 December 2008 (2007: 30 September 2007 to 31 December 2008). The Group did not adopt hedge accounting in respect of these nickel commodity contracts.

The fair values of nickel commodity contracts are based on quoted market prices for equivalent instruments at the balance sheet date provided by financial institutions.

The commodity contracts are classified as held-for-trading.

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with nominal values of S$40 million have fixed interest payments at rates ranging from 3.2% to 3.25% per annum until 23 June 2008 and have floating interest receipts at 0.9% per annum plus Singapore Interbank Offered Rate.

At the balance sheet date, the total notional amount of interest rate swap to which the Group and the Company are committed are as follows:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Interest rate swap	**40,000**	40,000	**40,000**	40,000

The fair value of swaps entered into at 31 March 2008 is estimated at S$93,000 (2007 : S$500,000). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. All of these interest rate swaps are classified as held–for–trading.

Forward foreign exchange contracts

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is party to a variety of forward foreign exchange contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets. There are no currency derivatives outstanding as at 31 March 2008 and 2007.

23 ASSETS HELD FOR SALE

		The Group		The Company	
	Note	2008	2007	2008	2007
		S$'000	S$'000	S$'000	S$'000
Reclassified from:					
Property, plant and equipment	14	**–**	3,201	**–**	3,201
Stocks	20	**–**	1,494	**–**	1,494
		–	4,695	**–**	4,695

In 2007, the Group resolved to shut down its pilot production line in Singapore. Assets attributable to the production line shut down including a 2–storey factory building, machineries and stocks have been classified as assets held for sale in that year. The proceeds of disposal approximated the net carrying amount of the assets and, accordingly, no impairment loss has been recognised.

24 DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Deposits	**16,644**	2,207	**120**	189
Prepayments	**4,557**	6,862	**224**	166
	21,201	9,069	**344**	355
Presented in the balance sheet as:				
Non–current assets	**14,401**	–	**–**	–
Current assets	**6,800**	9,069	**344**	355
	21,201	9,069	**344**	355

The Group's and the Company's deposits and prepayments that are not denominated in the functional currencies of the respective entities are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
United States dollars	**14,848**	180	**173**	124
Chinese Renminbi	**2,211**	–	**–**	–
Hong Kong dollars	**7**	22	**4**	22

25 BANK BALANCES AND CASH

Bank balances and cash comprise cash and short–term bank deposits with an original maturity of three months or less held by the Group and the Company. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear average effective interest rate of 0.7% to 2.6% (2007: nil) per annum.

	The Group		The Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Fixed deposits	**1,222**	–	**–**	–
Bank balances and cash	**62,999**	54,696	**24,232**	11,342
	64,221	54,696	**24,232**	11,342

The Group's and the Company's bank balances and cash that are not denominated in the functional currencies of the respective entities are as follows:

	The Group		The Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
United States dollars	**27,932**	13,131	**22,023**	8,494
Hong Kong dollars	**2,192**	2,454	**2,078**	2,397
Chinese Renminbi	**1,421**	531	**3**	1
Japanese Yen	**55**	109	**30**	28

26 CREDITORS AND ACCRUED CHARGES

	Note	The Group		The Company	
		2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Trade					
Outside parties		**100,458**	94,327	**–**	10,414
Amounts due to:					
Associates	16, 35	**18,214**	24,214	**–**	315
Related parties	36	**647**	999	**–**	–
Interest payable		**1,815**	4,665	**1,619**	4,528
Accrued charges		**18,382**	15,925	**1,271**	706
		139,516	140,130	**2,890**	15,963
Non–trade					
Amounts due to:					
Subsidiaries	15, 34	**–**	–	**39,040**	6
Associates	16, 35	**209**	80	**–**	35
Related parties	36	**1,773**	1,219	**542**	249
		1,982	1,299	**39,582**	290
Total		**141,498**	141,429	**42,472**	16,253

The amounts due to subsidiaries, associates and related parties are unsecured, non–interest bearing and repayable on demand.

The average credit period on purchases of goods ranges from 30 to 60 days (2007 : 30 to 60 days).

26 CREDITORS AND ACCRUED CHARGES (cont'd)

The Group's and the Company's creditors and accrued charges that are not denominated in the functional currencies of the respective entities are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
United States dollars	**39,103**	30,920	**34,256**	10,256
Chinese Renminbi	**6,963**	1,446	**–**	–
Japanese Yen	**4,825**	1,932	**–**	1,932
Hong Kong dollars	**591**	296	**6,529**	270

27 OBLIGATIONS UNDER FINANCE LEASES

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

	Total minimum lease payments		Present value of payments	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
The Group				
Within 1 year	**602**	462	**539**	418
Within 2 to 5 years	**842**	902	**800**	845
	1,444	1,364	**1,339**	1,263
Less: Future finance charges	**(105)**	(101)		
Present value of lease obligations	**1,339**	1,263		
Less: Amounts due within 1 year	**(539)**	(418)		
Amounts due within 2 to 5 years	**800**	845		

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3 years. The effective interest rates are set out in Note 3 to the financial statements. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All obligations under finance leases are denominated in the functional currencies of the respective entities.

The fair value of the Group's lease obligations approximates their carrying amount.

28 BANK LOANS AND OVERDRAFTS

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Unsecured:				
Bank loans	**218,502**	224,613	**156,213**	165,400
Bank overdrafts	**3,917**	2,086	**–**	–
Import loans	**23,083**	18,762	**–**	–
	245,502	245,461	**156,213**	165,400
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(91,999)**	(83,091)	**(20,654)**	(22,720)
Amount due for settlement after 12 months	**153,503**	162,370	**135,559**	142,680

The effective interest rates for the above are set out in Note 3 to the financial statements.

The Group's and the Company's borrowings that are not denominated in the functional currencies of the respective entities are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
United States dollars	**138,899**	145,877	**96,378**	105,674
Japanese Yen	**4,313**	1,435	**–**	–

29 NOTES

The Group has a S$500 million Multi–Currency Debt Issuance Programme (the "Programme"). Unsecured notes issued under the Programme are as follows:

	Date of issue	Date of redemption	The Group and the Company	
			2008	2007
			S$'000	S$'000
Series 4 Floating rate note	23 June 2005	23 June 2008	**60,000**	60,000
Series 5 Fixed rate note	7 February 2007	7 February 2008	**–**	15,000
Proceeds from issuance of note			**60,000**	75,000
Transaction cost amortised over tenure of note			**(28)**	(215)
			59,972	74,785
Amounts due within 1 year			**59,972**	14,981
Amounts due within 2 to 5 years			**–**	59,804
			59,972	74,785

The effective interest rates for the above are set out in Note 3 to the financial statements. The carrying amounts of the notes approximate their fair values.

The notes are denominated in the functional currencies of the Group and the Company.

30 DEFERRED TAX

Movements in the deferred tax liabilities and assets recognised by the Group are as follows:

	Capital allowances S$'000	Revaluation of investment properties S$'000	Tax losses S$'000	Deferred expenditure S$'000	Others S$'000	Total S$'000
Deferred tax liabilities						
At 1 April 2006	7,959	845	(635)	1,993	(1,466)	8,696
Currency realignment	(516)	(79)	59	(116)	196	(456)
(Credit) Charge to profit and loss	(36)	400	(2,317)	(593)	5	(2,541)
At 31 March 2007	7,407	1,166	(2,893)	1,284	(1,265)	5,699
Currency realignment	(663)	(105)	251	(169)	278	(408)
Arising on revaluation loss taken directly to equity	(119)	–	–	–	–	(119)
(Credit) Charge to profit and loss	(2,123)	67	195	(790)	2,062	(589)
At 31 March 2008	4,502	1,128	(2,447)	325	1,075	4,583
Deferred tax assets						
At 1 April 2006	(130)	–	(2,176)	–	(630)	(2,936)
Currency realignment	8	–	147	–	11	166
(Credit) Charge to profit and loss	(119)	–	96	–	424	401
At 31 March 2007	(241)	–	(1,933)	–	(195)	(2,369)
Currency realignment	35	–	216	246	20	517
(Credit) Charge to profit and loss	159	–	1,450	(449)	(2,275)	(1,115)
At 31 March 2008	(47)	–	(267)	(203)	(2,450)	(2,967)

The deferred tax liabilities of the Company of S$65,000 (2007 : S$625,000) are due to temporary differences arising mainly from capital allowances.

No deferred tax assets has been recognised on the following temporary differences due to uncertainty of its recoverability:

	The Group	
	2008 S$'000	**2007 S$'000**
Unutilised tax losses	**92,973**	66,552
Difference in accounting and tax depreciation	**1,235**	3,144
Others	**(5)**	282
	94,023	69,978

The use of these temporary differences is subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation.

31 SHARE CAPITAL

	The Group and the Company			
	2008	2007	2008	2007
	Number of ordinary shares		S$'000	S$'000
Issued and paid–up:				
At 1 April	**109,615,168**	109,495,168	**230,881**	230,731
Issued during the year	**72,000**	120,000	**90**	150
At 31 March	**109,687,168**	109,615,168	**230,971**	230,881

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

Details of share options exercised during the financial year to subscribe for ordinary shares of the Company are as follows:

	Exercise price	Number exercised		Cash consideration received	
		2008	2007	2008	2007
		'000	'000	S$'000	S$'000
Scheme No. 3	S$1.25	**72**	120	**90**	150

The proceeds were used as working capital for the Company.

Details of the outstanding share options are as follows:

	The Group and the Company			
	2008		2007	
	Number of share options '000	Weighted average exercise price S$	Number of share options '000	Weighted average exercise price S$
At 1 April	**4,215**	**2.02**	4,455	2.02
Exercised during the year	**(72)**	**1.25**	(120)	1.25
Lapsed during the year	**–**	**–**	(120)	2.50
At 31 March	**4,143**	**2.03**	4,215	2.02
Exercisable at 31 March	**4,143**		4,215	

The weighted average share price at the date of exercise for share options exercised during the year was S$1.47 (2007 : S$1.76). The options outstanding at the end of the year have a weighted remaining contractual life of 4.08 years (2007 : 4.99 years).

The estimated fair values of the options granted on 25 June 2003 is S$1,133,000. These fair values were calculated using The Black–Scholes pricing model. The inputs into the model were as follows:

Weighted average share price	S$2.63
Weighted average exercise price	S$2.50
Expected volatility	34%
Expected life	5 years
Risk free rate	2.25% to 2.375%
Expected dividend yield	5.3%

31 SHARE CAPITAL (cont'd)

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non–transferrability, exercise restrictions and behavioural considerations.

32 COMMITMENTS

As at the balance sheet date, commitments of the Group and Company which have not been provided for in the financial statements are as follows:

a) Operating lease arrangements

The Group as lessee:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Within 1 year	**6,480**	4,836	**96**	39
After 1 year and within 5 years	**9,445**	5,178	**168**	155
After 5 years	**9,707**	9,746	**–**	1,530
	25,632	19,760	**264**	1,724

Operating lease commitments are mainly in respect of non–cancellable leases for the rental of factory spaces, office premises and office equipment. Leases are negotiated and fixed for an average term of 3 to 50 years.

The Group as lessor:

The Group rents out its properties in the United States of America and the People's Republic of China under operating leases. All of the properties held have committed tenants as disclosed below:

	The Group	
	2008	2007
	S$'000	S$'000
Within 1 year	**537**	717
After 1 year and within 5 years	**1,168**	1,376
After 5 years	**191**	434
	1,896	2,527

b) Capital expenditure commitments

	The Group	
	2008	2007
	S$'000	S$'000
Capital expenditure contracted but not provided for	**278**	897
Capital expenditure authorised but not contracted for	**376**	305
	654	1,202

32 COMMITMENTS (cont'd)

c) Trust fund

On 5 August 2005, the Company established a "GP Batteries Industrial Safety Trust Fund" of HK$10 million (approximately S$2.2 million) to provide financial assistance and support to employees in Hong Kong and China who might have suffered from cadmium over–exposure or other occupational diseases related to battery production. This trust fund is monitored by an independent fund granting committee.

The aggregate amount of the trust fund is HK$10 million. The Group has contributed approximately HK$6 million up to 31 March 2006 and the balance of HK$4 million will be contributed in instalment when the net asset value of the trust fund falls below certain level. As a result, this balance had not been provided for in the financial statements. Management is of the view that there is no likelihood that the balance needs to be provided for.

d) As at 31 March 2008, the Company has undertaken to provide financial support to some of its subsidiaries.

33 CONTINGENT LIABILITIES – UNSECURED

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Guarantees given in respect of banking and other facilities granted to:				
Subsidiaries (Note 15 and 34)	**–**	–	**197,674**	201,146
Associates (Note 16 and 35)	**30,444**	27,419	**30,444**	27,419
Others	**545**	877	**30**	40
	30,989	28,296	**228,148**	228,605

34 SUBSIDIARIES

Details of the key subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2008 %	2007 %	Principal activities
Advanced Battery Technology Limited (4) #	British Virgin Islands	**80**	80	Intellectual property
Bolder Technologies Pte Ltd (1)	Singapore	**100**	100	Manufacturing of batteries
Champion World Limited (4) #	British Virgin Islands	**100**	100	Investment holding
Dongguan Chao Ba Batteries Co Ltd (4) #	PRC	**100**	100	Manufacturing of batteries
Dongguan Yinfea Battery Products Co Ltd (4) #	PRC	**100**	100	Manufacturing of batteries

34 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2008 %	2007 %	Principal activities
Douza Investments Ltd [(2) #]	British Virgin Islands	**100**	100	Investment holding
EVB Technology (HK) Limited [(3) #]	Hong Kong	**100**	100	Manufacturing of batteries
Gold Peak Industries (North America) Inc [(3) #]	United States of America	**80**	80	Marketing and trading in batteries
Gold Peak Industries (Taiwan) Limited [(3)]	Taiwan	**80**	80	Manufacturing of batteries
GP Batteries (China) Limited [(4) #]	PRC	**85**	85	Manufacturing of batteries
GP Batteries (Dongguan) Co Ltd [(4) #]	PRC	**100**	100	Manufacturing of batteries
GP Batteries (Malaysia) Sdn Bhd [(3)]	Malaysia	**100**	100	Manufacturing of batteries
GP Batteries (U.K.) Limited [(5) #]	United Kingdom	**100**	100	Marketing and trading in batteries
GP Battery Marketing (H.K.) Limited [(3) #]	Hong Kong	**100**	100	Marketing and trading in batteries
GP Battery Marketing Inc [(5) #]	Canada	**75**	75	Marketing and trading in batteries
GP Battery Marketing Italy S.r.l, [(4) #]	Italy	**51**	51	Marketing and trading in batteries
GP Battery Marketing (Latin America) Inc. [(5) #]	United States of America	**100**	100	Marketing and trading in batteries
GP Battery Marketing (Malaysia) Sdn Bhd [(3) #]	Malaysia	**70**	70	Marketing and trading in batteries
GP Battery Marketing (Singapore) Pte Ltd [(1)]	Singapore	**100**	100	Marketing and trading in batteries
GP Battery (Poland) Sp. z.o.o. [(3) #]	Poland	**100**	100	Marketing and trading in batteries
GP Battery Technology (HK) Limited [(3)]	Hong Kong	**100**	100	Investment holding
GP Batteries Europe B.V. [(5) #]	Netherlands	**80**	80	Marketing and trading in batteries
GPI International Limited [(3) #]	Hong Kong	**100**	100	Marketing and trading in batteries

34 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2008 %	2007 %	Principal activities
Huizhou Chao Ba Batteries Co Ltd (4) #	PRC	**90**	90	Marketing and trading in batteries
Huizhou Modern Battery Limited (4) #	PRC	**100**	100	Manufacturing of batteries
Huizhou Power Pack Co Ltd (4) #	PRC	**100**	100	Manufacturing of batteries
Ningbo GP Energy Co., Ltd (5)	PRC	**90**	90	Manufacturing of batteries
Ningbo GP Pairdeer Batteries Co., Ltd (5) (6)	PRC	**75**	–	Manufacturing of batteries
North America Land Holdings Inc (5) #	United States of America	**100**	100	Property investment
Shanghai Bi Ba Batteries Co Ltd (4) #	PRC	**100**	100	Manufacturing of batteries
Shanghai Beaver Batteries Co., Ltd (4) (6) #	PRC	**100**	–	Manufacturing of batteries
Shenzhen JetPower Batteries Limited (4) #	PRC	**100**	100	Manufacturing of batteries
Sylva Industries Limited (3)	Hong Kong	**100**	100	Manufacturing of batteries
Whitehill Electrochemical Company Limited (3) #	Hong Kong	**100**	100	Investment holding and provision of logistic support
Zhongyin (Ningbo) Battery Co. Ltd (4)	PRC	**75**	75	Manufacturing of batteries

Held by subsidiaries of the Company

(1) Audited by Deloitte & Touche LLP, Singapore

(2) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes

(3) Audited by overseas practices of Deloitte Touche Tohmatsu

(4) Audited by overseas practices of Deloitte Touche Tohmatsu for consolidation purposes

(5) Audited/reviewed by other accounting firms as these subsidiaries are not significant

(6) Incorporated during the financial year

35 ASSOCIATES

Details of the key associates are as follows:

Name of associates	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2008 %	2007 %	Principal activities
Advanced Electronics Batteries Energy Limited (2) *	Hong Kong	**20**	20	Marketing and trading in batteries and battery products
Aim High Group Ltd (1) #	British Virgin Islands	**50**	50	Marketing and trading in batteries
AZ Limited (2) *	Russia	**20**	20	Marketing and trading in batteries
Changzhou Lithium Batteries Ltd (1) #	PRC	**40**	40	Manufacturing of batteries
Danionics Asia Limited (1) #	Hong Kong	**50**	50	Investment holding
Danionics (Shenzhen) Limited (1) *	PRC	**50**	50	Manufacturing of batteries
Foshan–Shi Shunde–Cu Advanced Electronics Energy Limited (2) *	PRC	**20**	20	Manufacturing of batteries
GP Battery Marketing (Germany) GmbH (2) #	Germany	**50**	50	Marketing and trading in batteries
GP Battery Marketing (Korea) Limited (2) #	South Korea	**50**	50	Marketing and trading in batteries
GP Battery Marketing (Thailand) Co Ltd (1) #	Thailand	**49**	49	Marketing and trading in batteries
STL Technology Co., Ltd (1) *	Taiwan	**30**	30	Manufacturing of battery packs and products
STL Technology SIP Co., Ltd (2) *	PRC	**30**	30	Manufacturing of battery packs and products
T. G. Battery Co (China) Ltd (3) *	PRC	**42.5**	42.5	Manufacturing of batteries
T.G. Battery Co (Hong Kong) Limited (1)	Hong Kong	**50**	50	Investment holding and provision of logistic support

\# Held by subsidiaries of the Company

* Held by associates of the Company

(1) Audited/reviewed by overseas practices of Deloitte Touche Tohmatsu

(2) Audited/reviewed by other accounting firms as these associates are not significant

(3) The results of these associates which are included in the audited consolidated financial statements of their respective holding companies are not separately audited as they are not significant

36 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. 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 decision.

Related parties in these financial statements refer to entities owned or controlled directly or indirectly by Gold Peak Industries (Holdings) Limited ("GPIH") which has significant influence over the Company, its subsidiaries and associates. Related parties also include associates of the Group.

GPIH, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited, is the Company's major shareholder. GPIH invests in the Company through a subsidiary, GP Industries Limited, a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited.

The amounts due from or to related parties are unsecured, non–interest bearing and repayable on demand unless otherwise indicated. The Group has transactions with related parties on normal commercial terms as agreed between the parties as follows:

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Entities owned or controlled directly or indirectly by Gold Peak Industries (Holdings) Limited		
Sales	**(31)**	(33)
Purchases	**5,120**	5,991
Rental and other services received	**(124)**	(151)
Rental and other services paid	**1,124**	862
Associates		
Sales	**(65,611)**	(64,502)
Purchases	**89,625**	88,060

The remuneration of the directors, who are also the key management personnel, during the year are as follows:

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Short–term benefits	**2,329**	2,279
Post–employment benefits	**–**	128
	2,329	2,407

37 SEGMENT INFORMATION

The Group's activities are primarily based in the People's Republic of China including Hong Kong and other Asian countries. The dominant source and nature of the Group's risk and returns are based on the geographical areas where its production facilities and assets are located. Therefore, the primary segment is geographical segments by location of assets.

Segment revenue, assets and capital expenditure are analysed based on the location of production facilities and assets. Capital expenditure includes the total cost incurred to acquire property, plant and equipment.

The Group operates in only one main business segment and that is the development, manufacturing, distribution and trading in batteries and battery related products.

Segment revenue and expense

Segment revenue and expense are the operating revenue and expense reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

Investments in associates

Income from associates are allocated as they are specifically attributable to business segments, and correspondingly the investments in associates are included as segment assets of the Group.

Inter–segment transfer

Segment revenue and expenses include transfers between business segments. Inter–segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

37 SEGMENT INFORMATION (cont'd)

Geographical segments by location of production facilities and assets

	Asia S$'000	North and South America S$'000	Europe and Others S$'000	Elimination S$'000	Consolidated S$'000
2008					
Revenue					
External sales	858,655	40,332	77,395	–	976,382
Inter–segment sales	56,282	459	907	(57,648)	–
Total revenue	914,937	40,791	78,302	(57,648)	976,382
Results					
Segment results before interest, taxation and exceptional items	(14,089)	63	1,818		(12,208)
Exceptional items	16,658	–	–		16,658
Segment results before interest, taxation but after exceptional items	2,569	63	1,818		4,450
Interest income					2,084
Finance costs, net					(18,121)
Loss before share of results of associates					(11,587)
Share of results of associates	9,367	–	3,463		12,830
Profit before income tax					1,243
Income tax					(4,663)
Loss after income tax					(3,420)
Minority interests					(1,192)
Loss attributable to equity holders of the Company					(4,612)

	Asia S$'000	North and South America S$'000	Europe and Others S$'000	Consolidated S$'000
2008				
Balance sheet				
Segments assets	638,194	54,127	40,594	732,915
Interest in associates	43,997	–	12,060	56,057
	682,191	54,127	52,654	788,972
Unallocated assets				3,734
Consolidated total assets				792,706
Segments liabilities	142,493	2,129	8,295	152,917
Unallocated liabilities				314,019
Consolidated total liabilities				466,936

37 SEGMENT INFORMATION (cont'd)

Geographical segments by location of production facilities and assets (cont'd)

	Asia S$'000	North and South America S$'000	Europe and Others S$'000	Consolidated S$'000
2008				
Other information				
Addition of property, plant and equipment	38,818	22	1,607	40,447
Non–cash expenses:				
Amortisation	4,472	–	–	4,472
Depreciation	27,882	676	774	29,332
Fair value gain on investment properties	(335)	–	–	(335)
(Gain) Loss on disposal of property, plant and equipment	(383)	1	(4)	(386)
Impairment loss on property, plant and equipment	523	–	–	523
Property, plant and equipment written off	354	99	9	462
Unrealised fair value loss of commodity contracts	35,967	–	–	35,967

	Asia S$'000	North and South America S$'000	Europe and Others S$'000	Elimination S$'000	Consolidated S$'000
2007					
Revenue					
External sales	711,499	39,688	68,535	–	819,722
Inter–segment sales	59,239	–	1,277	(60,516)	–
Total revenue	770,738	39,688	69,812	(60,516)	819,722
Results					
Segment results before interest, taxation and exceptional items	27,367	(370)	2,291		29,288
Exceptional items	(190)	–	–		(190)
Segment results before interest, taxation but after exceptional items	27,177	(370)	2,291		29,098
Interest income					2,060
Finance costs, net					(17,641)
Profit before share of results of associates					13,517
Share of results of associates	4,998	–	1,610		6,608
Profit before income tax					20,125
Income tax					(4,483)
Profit after income tax					15,642
Minority interests					(3,523)
Profit attributable to equity holders of the Company					12,119

37 SEGMENT INFORMATION (cont'd)

Geographical segments by location of production facilities and assets (cont'd)

	Asia S$'000	North and South America S$'000	Europe and Others S$'000	Consolidated S$'000
2007				
Balance sheet				
Segments assets	663,945	88,403	42,350	794,698
Interest in associates	40,821	–	11,162	51,983
	704,766	88,403	53,512	846,681
Unallocated assets				3,716
Consolidated total assets				850,397
Segments liabilities	130,946	2,216	8,267	141,429
Unallocated liabilities				330,466
Consolidated total liabilities				471,895
Other information				
Addition of property, plant and equipment	27,875	5	779	28,659
Non-cash expenses:				
Allowances for advances to an associate charged	3,967	–	–	3,967
Amortisation	5,351	–	–	5,351
Depreciation	31,997	662	655	33,314
Fair value gain on investment properties	(1,631)	(383)	–	(2,014)
Gain on disposal of investment property	(19)	–	–	(19)
Impairment loss on property, plant and equipment	10,272	–	–	10,272
Loss (Gain) on disposal of property, plant and equipment	356	(212)	(134)	10
Property, plant and equipment written off	3,180	–	–	3,180
Unrealised fair value gain of commodity contracts	(25,992)	–	–	(25,992)

Revenue from external customers by geographical areas

	The Group 2008 S$'000	The Group 2007 S$'000
Asia	**529,827**	483,582
North and South America	**139,910**	103,206
Europe and others	**306,645**	232,934
	976,382	819,722

38 ACQUISITION AND DIVESTMENT OF SUBSIDIARIES

During the financial year ended 31 March 2007:

a) Acquisition of subsidiaries

A fire broke out at the factory of the Group's 49% owned associate, Ningbo GP Energy Co., Ltd ("NGPE", previously known as Ningbo GP Sanyo Energy Co., Ltd). Operations of the factory had been suspended since then. NGPE subsequently settled with the insurance company for a total compensation of about RMB120 million for the damages caused by the fire incident.

The Group also entered an agreement with Sanyo Energy Tottori Co., Ltd. ("SET") to restructure NGPE in 2007. Under the restructuring agreement, the Group and SET contributed additional capital of about US$4.8 million and US$1.3 million into NGPE respectively to provide additional working capital for the company to resume operations. As a result of the contributions, the Group's equity interest in the company increased from 49% to 54.8%. The Group also acquired 35.2% interest from SET at a consideration of JPY1. S$7,353,000 representing the excess of net assets acquired over the cost of investment had been taken to profit and loss account in 2007. The Group also accounted for S$7,543,000 being its share of losses in relation to the fire incident in 2007.

The Group acquired 11% interest in GP Battery Marketing Italy S.r.l, for a consideration of Euro196,000, resulting in the company becoming a 51%–owned subsidiary of the Group.

The Group also acquired 49% interest in GP Batteries (U.K.) Limited for a consideration of GPB737,000, resulting in the company becoming a wholly–owned subsidiary of the Group. The goodwill of S$241,000 and S$1,371,000 arising on the acquisition of GP Battery Marketing Italy S.r.l, and GP Batteries (U.K.) Limited respectively are attributable to the future anticipated profitability and operating synergies.

The acquisition of GP Battery Marketing Italy S.r.l, and GP Batteries (U.K.) Limited did not give rise to any overall significant financial impact to the Group.

b) Effects of acquisitions

The cashflow and the net assets of subsidiaries acquired during 2007 are as follows:

	Acquiree carrying amount before combination S$'000	Fair value adjustments S$'000	Fair value S$'000
Property, plant and equipment	12,734	1,943	14,677
Bank balances and cash	11,581	–	11,581
Debtors, deposits and prepayments	3,743	–	3,743
Stocks	2,133	–	2,133
Creditors and accrued charges	(4,762)	–	(4,762)
Bank loans and overdrafts	(1,308)	–	(1,308)
Minority interest	(2,987)	–	(2,987)
Interest in subsidiaries previously accounted for as associates	(14,300)	(1,259)	(15,559)
Net assets acquired	6,834	684	7,518
Goodwill			241
Negative goodwill			(7,353)
Total purchase consideration			406
Cash and cash equivalents acquired			(10,273)
Cash inflow on acquisition, net of cash paid			(9,867)

38 ACQUISITION AND DIVESTMENT OF SUBSIDIARIES (cont'd)

c) Effects of divestments

In 2007, the Group divested 15% interest in Changzhou Lithium Batteries Limited, for a consideration of US$750,000, resulting in the company becoming a 40%–owned associate of the Group:

	The Group 2007 S$'000
Property, plant and equipment	6,069
Bank balances and cash	341
Debtors, deposits and prepayments	204
Stocks	1,484
Creditors and accrued charges	(160)
Minority interest	(3,572)
Net assets divested	4,366
Equity interest retained as associates	(3,175)
Loss on disvestment of subsidiary	(39)
Total purchase consideration	1,152
Purchase consideration receivable on or before 31 March 2008	(758)
Cash and cash equivalents of subsidiary divested	(341)
Cash inflow on divestment, net of cash received	53

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that 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) *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash–generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash–generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of the goodwill at the balance sheet date is disclosed in Note 19 to the financial statements.

(b) *Impairment of property, plant and equipment*

Determining whether the property, plant and equipment is impaired requires an estimation of value in use of the property, plant and equipment. The value in use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows.

The impairment and carrying amount of property, plant and equipment at the balance sheet date are disclosed in Note 14 to the financial statement.

39 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

(c) *Depreciation of property, plant and equipment*

The management exercises their judgement in estimating the useful lives of the depreciable assets. Depreciation is provided to write off the cost or valuation of property, plant and equipment over the estimated useful lives, using the straight–line method or reducing balance method.

The carrying amount of property, plant and equipment at the balance sheet date are disclosed in Note 14 to the financial statement.

(d) *Allowances for bad and doubtful debts*

The company makes allowances for bad and doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables when events or changes in circumstances indicate that the balance may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debts expenses in the period in which such estimate has been changed.

The allowances and carrying amount of doubtful receivables at the balance sheet date are disclosed in Note 21 to the financial statement.

(e) *Fair value of outstanding commodity contracts*

The fair value of outstanding commodity contracts is determined by obtaining market quotes from the various issuers. The Group is of the view that the market quotes represent the best estimate of the instruments' fair value given that they are provided by departments independent of the issuers' marketing department. As the realisation of the carrying values is predicated by market conditions at the time of realisation, the actual amounts realised may vary from their estimated fair values.

40 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended on the face of the balance sheet. Comparative figures have been adjusted to conform with current year's presentation.

The items were reclassified as follows:

	The Group		The Company	
	Previously Reported 2007 S$'000	After reclassification 2007 S$'000	Previously Reported 2007 S$'000	After reclassification 2007 S$'000
Current assets:				
Deposits and prepayments	9,910	9,069	1,196	355
Current liabilities:				
Notes	15,000	14,981	15,000	14,981
Non-current liabilities:				
Bank loans	162,996	162,370	143,306	142,680
Notes	60,000	59,804	60,000	59,804

41 SUBSEQUENT EVENT

In April 2008, the Company resolved to subscribe for 487,500 shares in Amita Technologies Inc ("Amita") at a consideration of about NT$21 million (S$997,000) pursuant to a right issue by Amita. The investment in Amita will remain as an available-for-sale investment after the said subscription is completed.