CONSOLIDATED PROFIT AND LOSS STATEMENT

Year ended 31 March 2009

	Note	The Group 2009 S$'000	The Group 2008 S$'000
Revenue	4	**864,136**	976,382
Cost of sales		**(718,179)**	(817,118)
Gross profit		**145,957**	159,264
Other operating income	5	**43,431**	11,470
Distribution expenses		**(49,665)**	(52,349)
Administrative expenses		**(90,038)**	(90,572)
Other operating expenses		**(33,848)**	(37,937)
Finance costs, net	6	**(11,672)**	(18,121)
Exceptional item	7	**–**	16,658
Profit (Loss) before share of results of associates		**4,165**	(11,587)
Share of results of associates		**10,318**	12,830
Profit before income tax	8	**14,483**	1,243
Income tax	10	**(6,926)**	(4,663)
Profit (Loss) for the year		**7,557**	(3,420)
Attributable to:			
Equity holders of the Company		**709**	(4,612)
Minority interests		**6,848**	1,192
		7,557	(3,420)
Earnings (Loss) per share (cents):			
- Basic	12	**0.65**	(4.21)
- Diluted	12	**0.65**	(4.21)

See accompanying notes to financial statements.

BALANCE SHEETS

At 31 March 2009

	Note	The Group 2009 S$'000	The Group 2008 S$'000	The Company 2009 S$'000	The Company 2008 S$'000
Non-current assets					
Investment properties	13	**1,309**	1,239	**–**	–
Property, plant and equipment	14	**275,342**	263,128	**376**	494
Interest in subsidiaries	15	**–**	–	**450,617**	493,693
Interest in associates	16	**81,381**	56,057	**11,694**	11,753
Available-for-sale investments	17	**5,496**	7,788	**–**	–
Deferred tax assets	29	**2,691**	2,967	**–**	–
Intangible assets	18	**8,818**	13,753	**–**	–
Goodwill on consolidation	19	**24,397**	14,170	**–**	–
Deposits	23	**–**	14,401	**–**	–
Total non-current assets		**399,434**	373,503	**462,687**	505,940
Current assets					
Stocks	20	**115,857**	148,435	**–**	–
Debtors	21	**191,041**	198,887	**92,737**	61,175
Derivative financial instruments	22	**85**	93	**85**	93
Tax recoverable		**762**	767	**–**	–
Deposits and prepayments	23	**10,437**	6,800	**467**	344
Bank balances and cash	24	**91,926**	64,221	**5,508**	24,232
Total current assets		**410,108**	419,203	**98,797**	85,844
Current liabilities					
Creditors and accrued charges	25	**132,575**	141,498	**71,707**	42,472
Derivative financial instruments	22	**–**	11,419	**–**	8,200
Obligations under finance leases	26	**352**	539	**–**	–
Income tax payable		**6,274**	2,623	**155**	1,015
Bank loans and overdrafts	27	**306,471**	91,999	**214,904**	20,654
Notes	28	**–**	59,972	**–**	59,972
Total current liabilities		**445,672**	308,050	**286,766**	132,313
Net current (liabilities) assets		**(35,564)**	111,153	**(187,969)**	(46,469)
Non-current liabilities					
Bank loans	27	**–**	153,503	**–**	135,559
Obligations under finance leases	26	**585**	800	**–**	–
Deferred tax liabilities	29	**2,937**	4,583	**–**	65
Total non-current liabilities		**3,522**	158,886	**–**	135,624
Net assets		**360,348**	325,770	**274,718**	323,847
Represented by					
Share capital	30	**230,971**	230,971	**230,971**	230,971
Reserves		**76,515**	46,852	**43,747**	92,876
Attributable to equity holders of the Company		**307,486**	277,823	**274,718**	323,847
Minority interests		**52,862**	47,947	**–**	–
		360,348	325,770	**274,718**	323,847

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2009

	Note	Share capital S$'000	Capital reserve # S$'000	Legal reserve S$'000
The Group				
Balance at 1 April 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	29	–	–	–
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	30	90	–	–
Capital contributions		–	–	–
Dividends paid	11(a)	–	–	–
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
Translation gain		–	–	–
Net fair value changes on available-for-sale investments		–	–	–
Net fair value changes on available-for-sale investments transferred to profit and loss		–	–	–
Realisation of revaluation reserve		–	–	–
Net profit (loss) recognised directly in equity		–	–	–
Profit for the year		–	–	–
Total profit (loss) recognised for the year		–	–	–
Capital contributions		–	–	–
Dividends paid	11(a)	–	–	–
Dividends paid to minority shareholders of subsidiaries		–	–	–
Transfer to (from) reserves		–	507	1,596
Change in share of net assets upon change in interests		–	17	–
Effects of changes in shareholdings on minority interest, net		–	–	–
Balance at 31 March 2009		**230,971**	**(34,983)**	**10,600**

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

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2009

Translation reserve S$'000	Property/ Asset revaluation reserve S$'000	Retained profits S$'000	Share option reserve (Note 30) S$'000	Fair value reserve S$'000	Attributable to equity holders of the Company S$'000	Minority interests S$'000	Total S$'000
(80,034)	3,065	184,990	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
–	–	(3,949)	–	–	(3,949)	–	(3,949)
–	–	–	–	–	–	(2,726)	(2,726)
–	–	(3,120)	–	–	–	–	–
(100,322)	2,151	173,309	1,133	(2,916)	277,823	47,947	325,770
30,418	–	–	–	393	30,811	3,666	34,477
–	–	–	–	(2,160)	(2,160)	–	(2,160)
–	–	–	–	4,235	4,235	–	4,235
–	(9)	9	–	–	–	–	–
30,418	(9)	9	–	2,468	32,886	3,666	36,552
–	–	709	–	–	709	6,848	7,557
30,418	(9)	718	–	2,468	33,595	10,514	44,109
–	–	–	–	–	–	396	396
–	–	(3,949)	–	–	(3,949)	–	(3,949)
–	–	–	–	–	–	(2,895)	(2,895)
–	–	(2,103)	–	–	–	–	–
–	–	–	–	–	17	–	17
–	–	–	–	–	–	(3,100)	(3,100)
(69,904)	**2,142**	**167,975**	**1,133**	**(448)**	**307,486**	**52,862**	**360,348**

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2009

	Note	Share capital S$'000	Retained profits S$'000	Share option reserve (Note 30) S$'000	Total S$'000
The Company					
Balance at 1 April 2007		230,881	87,751	1,133	319,765
Issue of shares	30	90	–	–	90
Profit for the year		–	7,941	–	7,941
Dividends paid	11(a)	–	(3,949)	–	(3,949)
Balance at 31 March 2008		230,971	91,743	1,133	323,847
Loss for the year		–	(45,180)	–	(45,180)
Dividends paid	11(a)	–	(3,949)	–	(3,949)
Balance at 31 March 2009		**230,971**	**42,614**	**1,133**	**274,718**

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2009

	Note	The Group 2009 S$'000	2008 S$'000
Operating activities			
Profit before income tax		**14,483**	1,243
Adjustments for:			
Allowance for doubtful debts (non-trade)	21	**553**	–
Allowance for doubtful debts (trade)	21	**1,704**	5,181
Allowance for stock obsolescence		**2,720**	130
Amortisation of product development expenditure	18	**3,794**	3,886
Amortisation of technical knowhow	18	**573**	586
Depreciation of property, plant and equipment	14	**29,297**	29,332
Dividend income from available-for-sale investments	5	**(658)**	(136)
Fair value loss (gain) on investment properties	13	**62**	(335)
Finance costs, net	6	**11,672**	18,121
Gain on disposal of available-for-sale investments	7	**–**	(16,658)
Gain on dilution/restructuring of an associate	5	**(1,373)**	–
Gain on disposal of equity interests in subsidiaries	5	**(4,017)**	–
Gain on disposal of equity interests in an associate	5	**(219)**	–
Impairment loss on available-for-sale investments		**6,423**	–
Impairment loss on property, plant and equipment	14	**11,177**	523
Interest income	5	**(1,301)**	(2,084)
Loss (gain) on disposal of property, plant and equipment, net		**352**	(386)
Product development expenditure written off	18	**1,514**	–
Property, plant and equipment written off		**893**	462
Realised loss (gain) on commodity contracts		**32,337**	(5,777)
Share of results of associates		**(10,318)**	(12,830)
Unrealised foreign exchange loss (gain)		**9,895**	(3,193)
Unrealised fair value (gain) loss of commodity contracts		**(11,550)**	35,967
Operating profit before working capital changes		**98,013**	54,032
Stocks		**31,400**	(3,663)
Debtors		**25,591**	11,825
Deposits and prepayments		**(2,655)**	(12,373)
Creditors and accrued charges		**(51,344)**	(300)
Cash generated from operations		**101,005**	49,521
Interest received		**2,485**	1,370
Interest paid		**(12,782)**	(20,460)
Income tax paid		**(7,366)**	(6,480)
Net cash from operating activities		**83,342**	23,951

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2009

	Note	The Group 2009 S$'000	2008 S$'000
Investing activities			
Acquisition of associates		**(12,728)**	(331)
Acquisition of subsidiaries, net of cash acquired	37	**(2,351)**	–
Advance to an associate		**(308)**	–
Divestment of a subsidiary, net of cash received	37	**466**	–
Dividends received from associates		**9,713**	7,158
Dividends received from available-for-sale investments		**658**	136
Payment for additional interests in a subsidiary		**(3,297)**	–
Proceeds on disposal of an associate		**1,668**	–
Proceeds on disposal of available-for-sale investments		**–**	31,452
Proceeds on disposal of equity interests in a subsidiary		**4,000**	–
Proceeds on disposal of property, plant and equipment		**384**	4,144
Purchase of available-for-sale investments		**(1,369)**	(1,573)
Purchase of property, plant and equipment	A	**(40,689)**	(39,965)
Payment for product development expenditure	18	**–**	(1,565)
Net cash used in investing activities		**(43,853)**	(544)
Financing activities			
Bank loans obtained		**50,796**	9,142
Capital contributions from minority shareholders		**396**	1,895
Dividends paid	11(a)	**(3,949)**	(3,949)
Dividends paid to minority shareholders		**(2,895)**	(2,726)
Issue of shares	30	**–**	90
Repayment of obligations under finance leases		**(542)**	(627)
Repayment of notes		**(60,000)**	(15,000)
Net cash used in financing activities		**(16,194)**	(11,175)
Net increase in cash and cash equivalents		**23,295**	12,232
Cash and cash equivalents at 1 April		**60,304**	52,610
Effect of exchange rate changes on the balance of cash held in foreign currencies		**4,000**	(4,538)
Cash and cash equivalents at 31 March	B	**87,599**	60,304

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$41,012,000 (2008 : S$40,447,000) of which S$323,000 (2008 : S$482,000) was acquired under finance leases.

B. Cash and cash equivalents at 31 March comprise:

	Note	2009 S$'000	2008 S$'000
Bank balances and cash	24	**91,926**	64,221
Bank overdrafts	27	**(4,327)**	(3,917)
		87,599	60,304

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 33 to the financial statements.

The financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended 31 March 2009 were authorised for issue by the Board of Directors on 18 June 2009.

As at 31 March 2009, the Group's and the Company's current liabilities exceeded its current assets by S$35,564,000 (2008: S$Nil) and S$187,969,000 (2008: S$46,469,000) respectively. The global financial and capital markets, once experienced severe credit crunch and volatility, have started to show signs of easing. The outlook presents significant challenges in terms of sales volume and pricing as well as input costs. While the Group and the Company have been able to build up significant amount of cash reserve through management's intensified measures to preserve cash and to improve profitability, the Group and the Company are dependent on continuous support from their banks to meet their financial obligations particularly in the refinancing of certain term loan facilities when they fall due. In this regard, management has commenced discussions with their bankers. These discussions are ongoing and have not been concluded as at the date of this report. The combination of these circumstances represents a material uncertainty that casts a significant doubt on the Group's and the Company's abilities to continue as going concerns.

After considering the measures taken and the uncertainty described above as well as the fact that a major shareholder of the Company has given an undertaking to provide continuing financial support, at least for twelve months from the date of this report, to enable the Group and the Company to operate as going concerns, management believes that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, management continue to adopt the going concern basis in preparing the financial statements. The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of the liabilities in the normal course of business. The ability of the Group and the Company to continue as going concerns for the next twelve months depends on the success of the measures mentioned above as well as the availability of financial support from a major shareholder of the Company. These financial statements do not include any adjustment relating to the recoverability and the classification of the recorded assets amounts and the amount and classification of liability that might be necessary should the Group and the Company be unable to continue as going concerns.

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").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS

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

FRS 1	-	Presentation of Financial Statements (Revised)
FRS 1	-	Presentation of Financial Statements (Amendments relating to puttable financial instruments and obligations arising on liquidation)
FRS 23	-	Borrowing Costs (Revised)
FRS 27	-	Consolidated and Separate Financial Statements (Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate)
FRS 32	-	Financial Instruments: Presentation (Amendments relating to puttable financial instruments and obligations arising on liquidation)
FRS 39	-	Financial Instruments: Recognition and Measurement (Amendments relating to Eligible Hedged Items)
FRS 101	-	First-time Adoption of Financial Reporting Standards (Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate)
FRS 102	-	Share-based Payment (Amendments relating to Vesting Conditions and Cancellations)
FRS 107	-	Financial Instruments: Disclosures (Improving Disclosures about Financial Instruments)
FRS 108	-	Operating Segments
INT FRS 109	-	Reassessment of Embedded Derivatives (Amendments relating to Embedded Derivatives)
INT FRS 113	-	Customer Loyalty Programmes
INT FRS 116	-	Hedges of a Net Investment in a Foreign Operation
INT FRS 117	-	Distributions of Non-cash Assets to Owners
INT FRS 118	-	Transfer of Assets from Customers
Improvements to FRSs		

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, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1 (Revised) will be effective for annual periods beginning on or after April 1, 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

FRS 108 – Operating Segments

FRS 108 will be effective for annual financial statements beginning on or after April 1, 2009 and supersedes FRS 14 – Segment Reporting. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, FRS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 108, the identification of the Group's reportable segments may change.

FRS 23 – Borrowing Costs (Revised)

FRS 23 (Revised) will be effective for annual periods beginning on or after April 1, 2009 and eliminates the option available under the previous version of FRS 23 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. As the change in accounting policy is to be applied prospectively, there will be no impact on amounts report for 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the consolidated profit and loss statement from the effective date of acquisition or up 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.

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.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

Machinery, moulds and equipment, furniture, fixtures and equipment and motor vehicles are carried at historical cost, less accumulated depreciation and any impairment loss. Certain machinery, moulds and equipment are stated in the balance sheet at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation surplus arising on the revaluation of freehold land and buildings and certain machinery, moulds and equipment are credited to the property/asset 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 and machinery, moulds and equipment are charged as an expense to the extent that it exceeds the balance, if any, held in the property/asset 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.

Depreciation is calculated using the reducing balance method to write off the cost or valuation 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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 or 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 to the financial statements.

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 to the financial statements. 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 initially measured at fair value and subsequently at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term debtors when the recognition of interest would be immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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 debtors where the carrying amount is reduced through the use of an allowance account. When a 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.

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 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 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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 legal 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 and bank overdrafts 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	
	2009	**2008**	**2009**	**2008**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Financial Assets				
Fair value through profit or loss (FVTPL):				
Held for trading	**85**	93	**85**	93
Loans and receivables (including cash and cash equivalents)	**288,375**	265,351	**98,374**	85,527
Available-for-sale financial assets	**5,496**	7,788	**–**	–
Financial Liabilities				
Amortised cost	**439,983**	448,311	**286,611**	258,657
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.

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

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

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

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, Japanese Yen and Euro 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**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
United States dollars	**169,869**	189,421	**135,040**	154,417	**160,551**	138,834	**29,124**	30,885
Hong Kong dollars	**11,227**	591	**748**	2,533	**25,995**	6,529	**43,597**	22,966
Chinese Renminbi	**22,640**	6,963	**17,103**	4,265	**–**	–	**22,675**	21,541
Japanese Yen	**6,443**	9,138	**188**	92	**–**	–	**34**	30
Euro	**1,019**	887	**1,788**	844	**–**	–	**101**	76

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.

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 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)	
	2009	**2008**	**2009**	**2008**
	S$'000	**S$'000**	**S$'000**	**S$'000**
United States dollars impact	**1,741**	1,750	**6,571**	5,397
Hong Kong dollars impact	**524**	(97)	**(880)**	(822)
Chinese Renminbi impact	**277**	135	**(1,134)**	(1,077)
Japanese Yen impact	**313**	452	**(2)**	(1)
Euro impact	**(38)**	2	**(5)**	(4)

A 5% weakening of the functional currency of each group entity would have the equal but opposite effect of the above amount on the basis that all other variables remain constant.

(I) This is mainly attributable to the exposure on outstanding 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 minimise its interest rate risk. The duration of such interest rate swaps does not exceed the tenure 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 2009 would decrease/increase by S$1,532,000 (2008 : decrease/increase by S$1,327,000). 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 2009 would decrease/increase by S$1,075,000 (2008 : decrease/increase by S$881,000). 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 2009 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$76,000 (2008 : increase/decrease by S$127,000).

(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.

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

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

(iv) Credit risk management (cont'd)

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

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	S$'000	**S$'000**	**S$'000**	**S$'000**
By geographical areas				
Asia	**85,610**	86,444	**33,194**	30,126
North and South America	**21,018**	17,913	**–**	–
Europe and others	**55,500**	57,709	**–**	–
	162,128	162,066	**33,194**	30,126

(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					
2009					
Non-interest bearing	–	132,575	–	–	132,575
Finance lease liability (fixed rate)	6.46	408	608	(79)	937
Variable interest rate instruments	3.38	315,044	–	(8,573)	306,471
		448,027	608	(8,652)	439,983
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

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 liabilities (cont'd)

	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 Company					
2009					
Non-interest bearing	–	71,707	–	–	71,707
Variable interest rate instruments	3.12	219,950	–	(5,046)	214,904
		291,657	–	(5,046)	286,611
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

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$'000	Within 2 to 5 years S$'000	After 5 years S$'000	Adjustment S$'000	Total S$'000
The Group						
2009						
Non-interest bearing	–	288,375	–	5,496	–	293,871
2008						
Non-interest bearing	–	252,342	–	7,788	–	260,130
Variable interest rate instruments	5.39	13,711	–	–	(702)	13,009
		266,053	–	7,788	(702)	273,139

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 (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year S$'000	Within 2 to 5 years S$'000	After 5 years S$'000	Adjustment S$'000	Total S$'000
The Company						
2009						
Non-interest bearing	–	98,374	–	–	–	98,374
2008						
Non-interest bearing	–	85,527	–	–	–	85,527

Derivative financial instruments

The liquidity analysis for derivative financial instruments is disclosed in Note 22 to the financial statements.

(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
- 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 28 and equity attributable to equity holders, comprising issued capital as disclosed in Note 30, reserves and retained profits.

The Group's overall strategy remains unchanged from 2008.

4 REVENUE

	The Group	
	2009	2008
	S$'000	S$'000
Sales of products	**864,136**	976,382

5 OTHER OPERATING INCOME

	The Group	
	2009	2008
	S$'000	S$'000
Commission income (Note 35)	**1,503**	–
Compensation from a customer	**2,801**	2,933
Dividend income from available-for-sale investment in:		
Quoted securities	**66**	136
Unquoted securities	**592**	–
Fair value gain on investment properties (Note 13)	**–**	335
Foreign exchange gain, net	**–**	1,434
Gain on disposal of property, plant and equipment	**–**	386
Gain on dilution/restructuring of an associate	**1,373**	–
Gain on disposal of equity interests in subsidiaries	**4,017**	–
Gain on disposal of equity interests in an associate	**219**	–
Government grant	**14,194**	–
Incentive for reinvestment of profit in the People's Republic of China	**–**	291
Interest income	**1,301**	2,084
Management fee income	**69**	114
Rental income	**905**	820
Technical fee income	**4,841**	2,937
Unrealised fair value gain on commodity contracts	**11,550**	–
	43,431	11,470

6 FINANCE COSTS, NET

	The Group	
	2009	2008
	S$'000	S$'000
Interest expense on:		
Bank loans and overdrafts	**11,107**	14,823
Notes	**517**	3,035
Finance leases	**83**	105
	11,707	17,963
Realised gain on interest rate swap	**(43)**	(249)
Unrealised fair value gain on forward foreign exchange contract	**(85)**	–
Unrealised fair value loss on interest rate swap	**93**	407
	11,672	18,121

7 EXCEPTIONAL ITEM

	The Group	
	2009	2008
	S$'000	S$'000
Gain on disposal of available-for-sale investments [a]	–	(16,658)

(a) Included an amount of S$23,253,000 from 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	
	2009	2008
	S$'000	S$'000
Allowance for doubtful debts (non-trade) [a]	553	–
Allowance for doubtful debts (trade) [c]	1,704	5,181
Allowance for stock obsolescence	2,720	130
Audit fees:		
Auditors of the Company	274	238
Other auditors	891	852
Non-audit fees:		
Auditors of the Company	12	30
Other auditors	178	164
Cost of inventories recognised as expense	718,179	817,118
Impairment loss on available-for-sale investments [a]	6,423	–
Impairment loss on property, plant and equipment [a]	11,177	523
Loss (gain) on disposal of property, plant and equipment, net	352	(386)
Operating lease expense	7,151	5,156
Product development expenditure written off [a]	1,514	–
Property, plant and equipment written off [a]	893	462
Unrealised fair value (gain) loss on commodity contracts [a]	(11,550)	35,967
Realised loss (gain) on commodity contracts [b]	32,337	(5,777)

(a) Included in other operating expenses / other operating income in the consolidated profit and loss statement

(b) Included in cost of sales in the consolidated profit and loss statement

(c) Included in distribution expenses in the consolidated profit and loss statement

9 STAFF COSTS

	The Group	
	2009	2008
	S$'000	S$'000
Directors' remuneration:		
Fees	125	125
Emoluments		
of the Company	420	416
of the subsidiaries	1,745	1,913
Salaries and wages	105,581	115,389
Defined contribution plans	4,695	4,875
	112,566	122,718

10 INCOME TAX

	The Group	
	2009	**2008**
	S$'000	**S$'000**
Current income tax:		
Provision for current year	**7,983**	5,039
Underprovision in prior year	**193**	1,328
	8,176	6,367
Deferred income tax:		
Write back for current year	**(515)**	(305)
Overprovision in prior year	**(735)**	(1,399)
	(1,250)	(1,704)
	6,926	4,663

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%.

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 ended 31 March 2008, a Singapore incorporated subsidiary transferred unutilised tax losses of approximately S$1,445,000 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. During the year ended 31 March 2009, the group relief system is not applicable on the basis that the Company and its Singapore incorporated subsidiaries are in tax loss positions for the Year of Assessment 2010.

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2008 : 18%) to profit before income tax as a result of the following differences:

	The Group	
	2009	**2008**
	S$'000	**S$'000**
Profit before income tax	**14,483**	1,243
Income tax at statutory rate	**2,462**	224
Add/(Less):		
Tax effect of share of results of associates	**(1,754)**	(2,309)
Effect of different tax rates of overseas operations	**266**	(1,039)
Effect of change in tax rates	**(71)**	–
Income not subject to tax	**(1,951)**	(1,871)
Utilisation of previously unrecognised deferred tax benefits	**(3,074)**	(244)
Overprovision in prior year	**(542)**	(71)
Non-allowable items	**5,681**	3,575
Unrecognised deferred tax benefits	**5,909**	6,398
Income tax at effective tax rate	**6,926**	4,663

11 DIVIDENDS

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

	The Group and the Company	
	2009	2008
	S$'000	S$'000
2007 final tax-exempt (1-tier) dividend of 2.5 Singapore cents per share	–	2,740
2008 interim tax-exempt (1-tier) dividend of 1.1 Singapore cents per share	–	1,209
2008 final tax-exempt (1-tier) dividend of 2.5 Singapore cents per share	**2,742**	–
2009 interim tax-exempt (1-tier) dividend of 1.1 Singapore cents per share	**1,207**	–
	3,949	3,949

b) Proposed dividends at 31 March are as follows:

	The Group and the Company	
	2009	2008
	S$'000	S$'000
2009 final tax-exempt (1-tier) dividend of 1.5 Singapore cents per share	**1,645**	–
2008 final tax-exempt (1-tier) dividend of 2.5 Singapore cents per share	–	2,742

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 EARNINGS (LOSS) 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	
	2009	2008
	S$'000	S$'000
Profit (Loss) attributable to equity holders of the Company	**709**	(4,612)

b) Number of shares

	The Group	
	2009	2008
Weighted average number of ordinary shares used in calculating basic earnings per share	**109,687,168**	109,666,786
Effect of dilutive potentially ordinary shares:		
Share options	–	3,272,000
Weighted average number of ordinary shares used in calculating diluted earnings per share adjusted for the effects of all dilutive potential ordinary shares	**109,687,168**	112,938,786

There is no dilutive effect for 2009 as the share options are out-of-money. There was no dilutive effect for 2008 as the Group was in a loss position.

13 INVESTMENT PROPERTIES

	Note	The Group 2009 S$'000	2008 S$'000
At 1 April		**1,239**	16,230
Currency realignment		**132**	(1,434)
Fair value (loss) gain		**(62)**	335
Transfer to property, plant and equipment	14	**–**	(13,892)
At 31 March		**1,309**	1,239

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 had transferred investment properties with a carrying amount of S$13,892,000 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$159,000 (2008 : S$163,000). Direct operating expenses arising on the investment properties in the year amounted to S$8,000 (2008 : S$8,000).

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 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
Currency realignment		(1,068)	7,878	21,053	2,004	3,027	32,894
On acquisition of a subsidiary		–	–	–	–	120	120
On disposal of a subsidiary		–	(42)	(1,736)	–	(370)	(2,148)
Transfer		–	–	2,908	(2,908)	–	–
Additions		26	9,470	3,664	25,197	2,655	41,012
Disposals and write-offs		(11)	(38)	(6,078)	–	(1,713)	(7,840)
At 31 March 2009		31,506	94,255	447,012	37,604	53,399	663,776
Represented by:							
At 31 March 2009							
Cost		24,303	94,255	445,069	37,604	53,399	654,630
Valuation		7,203	–	1,943	–	–	9,146
Total		31,506	94,255	447,012	37,604	53,399	663,776
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

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 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
Currency realignment		(935)	1,989	14,096	–	2,219	17,369
On acquisition of a subsidiary		–	–	–	–	118	118
On disposal of a subsidiary		–	–	(337)	–	(86)	(423)
Depreciation		708	2,790	22,321	–	3,478	29,297
Disposals and write-offs		(6)	(30)	(4,671)	–	(1,396)	(6,103)
At 31 March 2009		6,054	23,526	297,178	–	38,760	365,518
Impairment loss:							
At 1 April 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
Currency realignment		–	162	415	–	–	577
Charge for the year		–	3,401	7,776	–	–	11,177
On disposal of a subsidiary		–	–	(188)	–	–	(188)
At 31 March 2009		–	5,932	16,984	–	–	22,916
Carrying amount:							
At 31 March 2009		25,452	64,797	132,850	37,604	14,639	275,342
At 31 March 2008		26,272	55,841	152,451	13,311	15,253	263,128
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 2009		24,686	64,797	132,850	37,604	14,639	274,576
At 31 March 2008		25,541	55,841	152,451	13,311	15,253	262,397

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Machinery, moulds and equipment S$'000	Furniture, fixtures, equipment and motor vehicle S$'000	Total S$'000
The Company			
Cost:			
At 1 April 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
Additions	8	48	56
Disposals and write-offs	(60)	(82)	(142)
At 31 March 2009	699	1,076	1,775
Accumulated depreciation:			
At 1 April 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
Depreciation	38	59	97
Disposals and write-offs	(10)	(55)	(65)
At 31 March 2009	531	868	1,399
Carrying amount:			
At 31 March 2009	168	208	376
At 31 March 2008	248	246	494

The carrying amount of property, plant and equipment includes an amount of S$1,493,000 (2008 : S$1,034,000) for the Group in respect of certain machinery, moulds, equipment and motor vehicles held under finance leases (Note 26).

In 2008, land and buildings with a total carrying value of S$3,502,000 for the Group were pledged to banks as securities for banking facilities granted. These facilities remained unutilised as at the end of the financial year ended March 31, 2008.

The freehold land and buildings of the Group amounting to S$7,203,000 (2008 : S$7,464,000) 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 (2008 : S$892,000) for the Group in respect of the above assets.

During the financial year, the Group carried out review of the recoverable amount on some of the properties and machineries. Arising from the review, an impairment loss of S$11,177,000 (2008 : S$523,000) was recognised to align the carrying amount of certain property and machineries to their recoverable amounts. The recoverable amounts for these property and machineries are determined based on their fair value less costs to sell, which is based on the open market value.

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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
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

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Location	Description	Tenure
China		
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	
	2009	**2008**
	S$'000	**S$'000**
Unquoted equity shares, at cost	**196,428**	187,835
Less: Impairment loss	**(61,156)**	(30,000)
	135,272	157,835
Amounts due from subsidiaries - non-trade	**313,673**	333,858
Financial guarantee contracts to subsidiaries	**1,672**	2,000
Total interest in subsidiaries	**450,617**	493,693

The amounts due from subsidiaries of S$310,632,000 (2008: S$333,858,000) are interest free and form part of the Company's net investment in the subsidiaries. The remaining amounts due from subsidiaries of S$3,041,000 (2008: S$Nil) is interest bearing at interest rates ranging from 3% to 5% per annum (2008: Nil). 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$39,861,000 (2008 : S$16,000,000) 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 33 to the financial statements.

16 INTEREST IN ASSOCIATES

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Cost of investment	**55,808**	37,057	**11,453**	11,453
Loan to associate	**1,333**	–	**–**	–
Financial guarantee contracts to associates	**–**	–	**241**	300
Share of post-acquisition reserves, net of dividends received	**24,240**	19,000	**–**	–
	81,381	56,057	**11,694**	11,753

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

	The Group	
	2009	2008
	S$'000	S$'000
Total assets	**394,539**	329,398
Total liabilities	**(206,774)**	(202,683)
Net assets	**187,765**	126,715
Revenue	**738,328**	629,232
Profit for the year	**21,929**	34,656

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$10,956,000 (2008 : S$8,846,000) of which S$2,157,000 was the share of the current year losses (2008 : S$3,437,000). The Group has no obligation in respect of those losses.

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

17 AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2009	2008
	S$'000	S$'000
Equity shares:		
Quoted, at fair value	**1,646**	5,228
Unquoted, at fair value	**2,226**	–
Unquoted, at cost	**1,624**	2,560
Total available-for-sale investments	**5,496**	7,788

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.

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 companies where the recoverability of investment is uncertain and dependent on the outcome of its activities. Investment in unquoted equity shares carried at fair value are based on the valuation performed by an independent valuer.

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	
	2009	2008
	S$'000	S$'000
Swedish Kronor	**1,244**	1,125
New Taiwan dollars	**2,226**	1,435
Sterling Pounds	**651**	2,692

18 INTANGIBLE ASSETS

	The Group	
	2009	2008
	S$'000	S$'000
Product development expenditure		
Cost:		
At 1 April	**41,788**	44,088
Currency realignment	**4,151**	(3,865)
(Write-off) Addition	**(1,514)**	1,565
At 31 March	**44,425**	41,788
Accumulated amortisation:		
At 1 April	**28,585**	27,328
Currency realignment	**3,228**	(2,629)
Amortisation for the year*	**3,794**	3,886
At 31 March	**35,607**	28,585
Net	**8,818**	13,203
Technical knowhow		
Cost:		
At 1 April	**9,152**	10,023
Currency realignment	**974**	(871)
At 31 March	**10,126**	9,152
Accumulated amortisation:		
At 1 April	**8,602**	8,817
Currency realignment	**951**	(801)
Amortisation for the year*	**573**	586
At 31 March	**10,126**	8,602
Net	**–**	550
Total intangible assets at 31 March	**8,818**	13,753

* Included in administrative expenses in consolidated profit and loss statement.

19 GOODWILL ON CONSOLIDATION

	The Group 2009 S$'000	The Group 2008 S$'000
Cost:		
At 1 April	**14,170**	14,170
Currency realignment	**(674)**	–
Arising on acquisition of additional interest in subsidiaries	**1,708**	–
Arising on acquisition of a subsidiary previously accounted for as an associate	**9,193**	–
At 31 March	**24,397**	14,170
Carrying amount:		
At 31 March	**24,397**	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") that are expected to benefit from that business combination are as follows:

	The Group Carrying amount 2009 S$'000	The Group Carrying amount 2008 S$'000
Zhongyin (Ningbo) Battery Co. Ltd	**6,537**	7,616
Gold Peak Industries (Taiwan) Limited	**4,250**	4,942
GP Batteries (U.K.) Limited	**1,319**	1,371
GP Battery Marketing Italy S.r.l.	**231**	241
Aim High Group Ltd	**10,352**	–
GP Batteries (China) Limited	**1,391**	–
Huizhou Gold Won Electrochemical Company Limited	**317**	–
	24,397	14,170

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% to 15% (2008 : 5%).

The rate used to discount the forecast cashflows ranges from approximately 10% to 14% (2008 : 12%).

20 STOCKS

	The Group 2009 S$'000	The Group 2008 S$'000
Raw materials		
At cost	**25,165**	33,086
At net realisable value	**2,270**	363
Work in progress		
At cost	**20,234**	28,923
At net realisable value	**1,774**	1,098
Finished goods		
At cost	**56,691**	84,096
At net realisable value	**9,723**	869
	115,857	148,435

The cost of inventories recognised as an expense includes S$2,846,000 (2008: S$334,000) in respect of write-downs of inventory to net realisable value, and has been reduced by S$126,000 (2008: S$204,000) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales price in certain markets.

21 DEBTORS

	Note	The Group 2009 S$'000	The Group 2008 S$'000	The Company 2009 S$'000	The Company 2008 S$'000
Trade					
Outside parties		**162,982**	157,757	**–**	–
Less: Allowances for doubtful debts		**(11,752)**	(9,661)	**–**	–
		151,230	148,096	**–**	–
Amounts due from:					
Associates	16, 34	**10,849**	13,815	**–**	–
Subsidiaries	15, 33	**–**	–	**33,194**	30,126
Related parties	35	**49**	155	**–**	–
		10,898	13,970	**33,194**	30,126
		162,128	162,066	**33,194**	30,126
Non-trade					
Outside parties		**17,582**	25,458	**133**	174
Amounts due from:					
Associates	16, 34	**15,555**	14,636	**3,803**	6,354
Less: Allowance for doubtful debts		**(4,450)**	(3,967)	**–**	–
		11,105	10,669	**3,803**	6,354
Subsidiaries	15, 33	**–**	–	**57,218**	24,407
Less: Allowance for doubtful debts		**–**	–	**(1,737)**	–
		–	–	**55,481**	24,407
Related parties	35	**226**	694	**126**	114
		11,331	11,363	**59,410**	30,875
		28,913	36,821	**59,543**	31,049
Total		**191,041**	198,887	**92,737**	61,175

21 DEBTORS (cont'd)

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 (2008 : 60 to 90 days). Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

The Group and the Company 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 and the Company, 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$57,652,000 (2008 : S$73,993,000) 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 (2008 : 2 months). Included in allowance for doubtful debts were specific provision against trade debtors and non-trade debtors of S$759,000 and S$4,450,000 respectively (2008: S$11,000 and S$3,967,000 respectively). Such balances were individually assessed either because they were significantly past due and the debtor did not respond to repayment demands, or there were circumstances that indicate a debtor may not be able to honour its obligations when the debt is due.

Movements in the allowance for doubtful debts (trade):

	The Group	
	2009	**2008**
	S$'000	**S$'000**
Balance at 1 April	**9,661**	5,057
Currency realignment	**788**	(129)
Charge for the year	**1,704**	5,181
Amount written off for the year	**(401)**	(448)
Balance at 31 March	**11,752**	9,661

Movements in the allowance for doubtful debts (non-trade):

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Balance at 1 April	**3,967**	3,967	**–**	–
Currency realignment	**(70)**	–	**–**	–
Charge for the year	**553**	–	**1,737**	–
Balance at 31 March	**4,450**	3,967	**1,737**	–

22 DERIVATIVE FINANCIAL INSTRUMENTS

	2009		2008	
At fair value:	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	S$'000	**S$'000**	**S$'000**	**S$'000**
The Group				
Forward foreign exchange contracts	**85**	**–**	–	–
Commodity contracts	**–**	**–**	–	(11,419)
Interest rate swaps	**–**	**–**	93	–
	85	**–**	93	(11,419)

22 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

At fair value:	2009 Assets S$'000	2009 Liabilities S$'000	2008 Assets S$'000	2008 Liabilities S$'000
The Company				
Forward foreign exchange contracts	**85**	**–**	–	–
Commodity contracts	**–**	**–**	–	(8,200)
Interest rate swaps	**–**	**–**	93	–
	85	**–**	93	(8,200)

The Group's and the Company's derivative financial instruments for 2009 and 2008 are due within 1 year.

Commodity contracts

As at 31 March 2008, the Group and the Company had outstanding non-deliverable commodity contracts in respect of the purchase of 690 and 540 metric tonnes respectively as well as the sale of 525 and 375 metric tonnes respectively of raw nickel at fixed prices to manage the risk arising from the fluctuation of nickel prices.

As at 31 March 2008, the notional amounts of these commodity contracts for the Group and the Company were approximately S$33,559,000 and S$26,146,000 respectively for the purchase contracts and S$23,693,000 and S$17,099,000 respectively for the sale contracts. All the contracts matured during the financial year ended 31 March 2009. The Group did not adopt hedge accounting in respect of these nickel commodity contracts.

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

The commodity contracts were 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. As at 31 March 2008, contracts with nominal values of S$40 million had fixed interest payments at rates ranging from 3.2% to 3.25% per annum until 23 June 2008 and had 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 and the Company 2009 S$'000	The Group and the Company 2008 S$'000
Interest rate swap	**–**	40,000

The fair value of swaps entered into at 31 March 2008 was estimated at S$93,000. These amounts were based on quoted market prices for equivalent instruments at the balance sheet date. All of these interest rate swaps were classified as held-for-trading.

22 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Forward foreign exchange contracts

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is a 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.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to the Group and the Company are committed are as follows:

	The Group and the Company	
	2009	2008
	S$'000	S$'000
Sell Euro buy United States dollars (less than 3 months)	**3,031**	–

At 31 March 2009, the fair value of currency derivatives is estimated at S$85,000. The fair values are measured based on estimated valuation derived from market quotations.

23 DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Deposits	**5,408**	16,644	**129**	120
Prepayments	**5,029**	4,557	**338**	224
	10,437	21,201	**467**	344
Presented in the balance sheet as:				
Non-current assets	**–**	14,401	**–**	–
Current assets	**10,437**	6,800	**467**	344
	10,437	21,201	**467**	344

24 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 as at 31 March 2008 bear average effective interest rate of 0.7% to 2.6% per annum.

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Fixed deposits	**–**	1,222	**–**	–
Bank balances and cash	**91,926**	62,999	**5,508**	24,232
	91,926	64,221	**5,508**	24,232

25 CREDITORS AND ACCRUED CHARGES

	Note	The Group 2009 S$'000	The Group 2008 S$'000	The Company 2009 S$'000	The Company 2008 S$'000
Trade					
Outside parties		**79,335**	100,458	**–**	–
Amounts due to:					
Associates	16,34	**24,886**	18,214	**–**	–
Related parties	35	**342**	647	**–**	–
Interest payable		**1,589**	1,815	**1,503**	1,619
Accrued charges		**18,646**	18,382	**1,493**	1,271
		124,798	139,516	**2,996**	2,890
Non-trade					
Outside parties		**7,000**	–	**–**	–
Amounts due to:					
Subsidiaries	15,33	**–**	–	**68,709**	39,040
Associates	16,34	**262**	209	**–**	–
Related parties	35	**515**	1,773	**2**	542
		7,777	1,982	**68,711**	39,582
Total		**132,575**	141,498	**71,707**	42,472

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 (2008 : 30 to 60 days).

26 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 2009 S$'000	Total minimum lease payments 2008 S$'000	Present value of payments 2009 S$'000	Present value of payments 2008 S$'000
The Group				
Within 1 year	**408**	602	**352**	539
Within 2 to 5 years	**608**	842	**585**	800
	1,016	1,444	**937**	1,339
Less: Future finance charges	**(79)**	(105)		
Present value of lease obligations	**937**	1,339		
Less: Amounts due within 1 year	**(352)**	(539)		
Amounts due within 2 to 5 years	**585**	800		

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.

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

27 BANK LOANS AND OVERDRAFTS

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Unsecured:				
Bank loans	**295,965**	218,502	**214,904**	156,213
Bank overdrafts	**4,327**	3,917	**–**	–
Import loans	**6,179**	23,083	**–**	–
	306,471	245,502	**214,904**	156,213
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(306,471)**	(91,999)	**(214,904)**	(20,654)
Amount due for settlement after 12 months	**–**	153,503	**–**	135,559

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

28 NOTES

In 2008, the Group had a S$500 million Multi-Currency Debt Issuance Programme (the "Programme"). Unsecured notes issued under the Programme were as follows:

	Date of issue	Date of redemption	The Group and the Company	
			2009	**2008**
			S$'000	**S$'000**
Proceeds from issuance of note Series 4 Floating rate note	23 June 2005	23 June 2008	**–**	60,000
Transaction cost amortised over tenure of note			**–**	(28)
			–	59,972
Amounts due within 1 year			**–**	59,972

The notes were redeemed during the year.

The effective interest rates for the above are set out in Note 3 to the financial statements. In 2008, the carrying amounts of the notes approximated their fair values.

29 DEFERRED TAX

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

	Accelerated tax depreciation 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 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
Currency realignment	70	120	(205)	38	31	54
(Credit) Charge to profit and loss	(1,823)	(12)	880	45	(790)	(1,700)
At 31 March 2009	2,749	1,236	(1,772)	408	316	2,937
Deferred tax assets						
At 1 April 2007	(241)	–	(1,933)	–	(195)	(2,369)
Currency realignment	35	–	216	246	20	517
Charge (Credit) to profit and loss	159	–	1,450	(449)	(2,275)	(1,115)
At 31 March 2008	(47)	–	(267)	(203)	(2,450)	(2,967)
Currency realignment	(25)	–	(7)	61	(244)	(215)
Disposal of a subsidiary	41	–	–	–	–	41
Charge (Credit) to profit and loss	31	–	(174)	8	585	450
At 31 March 2009	–	–	(448)	(134)	(2,109)	(2,691)

As at 31 March 2008, the deferred tax liabilities of the Company of S$65,000 was due to temporary differences arising mainly from accelerated tax depreciation.

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

	The Group 2009 S$'000	The Group 2008 S$'000
Unutilised tax losses	**111,850**	92,973
Difference in accounting and tax depreciation	**(3,306)**	1,235
Others	**(96)**	(5)
	108,448	94,023

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.

30 SHARE CAPITAL

	The Group and the Company			
	2009	2008	2009	2008
	Number of ordinary shares		S$'000	S$'000
Issued and paid-up:				
At 1 April	**109,687,168**	109,615,168	**230,971**	230,881
Issued during the year	**–**	72,000	**–**	90
At 31 March	**109,687,168**	109,687,168	**230,971**	230,971

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	
		2009	2008	2009	2008
		'000	'000	S$'000	S$'000
Scheme No. 3	S$1.25	**–**	72	**–**	90

The proceeds were used as working capital for the Company.

Details of the outstanding share options are as follows:

	The Group and the Company			
	2009		2008	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	'000	S$	'000	S$
At 1 April	**4,143**	**2.03**	4,215	2.02
Exercised during the year	**–**	**–**	(72)	1.25
Lapsed during the year	**(549)**	**2.16**	–	–
At 31 March	**3,594**	**2.01**	4,143	2.03
Exercisable at 31 March	**3,594**		4,143	

The weighted average share price at the date of exercise for share options exercised in 2008 was S$1.47. The options outstanding at the end of the year have a weighted remaining contractual life of 3.12 years (2008 : 4.08 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%

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.

31 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	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Within 1 year	**5,219**	6,480	**96**	96
After 1 year and within 5 years	**6,824**	9,445	**72**	168
After 5 years	**8,383**	9,707	**–**	–
	20,426	25,632	**168**	264

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 for an average term of 3 to 50 years and rentals are fixed for an average term of 1 to 5 years.

The Group as lessor:

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

	The Group	
	2009	2008
	S$'000	S$'000
Within 1 year	**846**	537
After 1 year and within 5 years	**2,084**	1,168
After 5 years	**64**	191
	2,994	1,896

b) Capital expenditure commitments

	The Group	
	2009	2008
	S$'000	S$'000
Capital expenditure contracted but not provided for	**65**	278
Capital expenditure authorised but not contracted for	**929**	376
	994	654

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 2009, the Company has undertaken to provide financial support to some of its subsidiaries.

32 CONTINGENT LIABILITIES - UNSECURED

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Guarantees given in respect of banking and other facilities granted to:				
Subsidiaries (Note 15 and 33)	**–**	–	**167,221**	197,674
Associates (Note 16 and 34)	**24,069**	30,444	**24,069**	30,444
Others	**1,143**	545	**60**	30
	25,212	30,989	**191,350**	228,148

33 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 2009	2008	Principal activities
		%	%	
Advanced Battery Technology Limited (4) #	British Virgin Islands	**80**	80	Intellectual property
Aim High Group Ltd (5) #	British Virgin Islands	**100**	– [Note 37]	Marketing and trading in batteries
Bolder Technologies Pte Ltd (1)	Singapore	**80** **[Note 37]**	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
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

33 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2009	2008	Principal activities
		%	%	
GP Batteries (China) Limited (4) #	PRC	**100** [Note 37]	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
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)	PRC	**75**	75	Manufacturing of batteries

33 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2009	2008	Principal activities
		%	%	
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) #	PRC	**100**	100	Manufacturing of batteries
Sylva Industries (China) Limited (3) #	PRC	**100**	100	Investment holding
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/reviewed by overseas practices of Deloitte Touche Tohmatsu for consolidation purposes

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

34 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 2009	2008	Principal activities
		%	%	
Advanced Electronics Batteries Energy Limited (2) #	Hong Kong	**20**	20	Marketing and trading in batteries and battery products
Aim High Group Ltd (2) #	British Virgin Islands	**–** [Note 37]	50	Marketing and trading in batteries
AZ Limited (2) *	Russia	**40**	20	Marketing and trading in batteries

34 ASSOCIATES (cont'd)

Name of associates	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2009	2008	Principal activities
		%	%	
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-Qu 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	**38.25**	30	Manufacturing of battery packs and products
STL Technology SIP Co., Ltd (1) *	PRC	**38.25**	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

35 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 as follows:

	The Group	
	2009	**2008**
	S$'000	**S$'000**
Entities owned or controlled directly or indirectly by Gold Peak Industries (Holdings) Limited		
Sales	**(17)**	(31)
Purchases	**2,251**	5,120
Rental and other services received	**(129)**	(124)
Rental and other services paid	**1,969**	1,124
Deposit under Letter of Intent for purchase of building	**2,943**	–
Associates		
Sales	**(43,912)**	(65,611)
Purchases	**99,442**	89,625
Commission income	**(1,503)**	–
Technical fee income	**(976)**	(685)

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

	The Group	
	2009	**2008**
	S$'000	**S$'000**
Short-term benefits	**2,290**	2,454

36 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.

36 SEGMENT INFORMATION (cont'd)

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.

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
2009					
Revenue					
External sales	747,981	40,205	75,950	–	864,136
Inter-segment sales	81,340	851	5,142	(87,333)	–
Total revenue	829,321	41,056	81,092	(87,333)	864,136
Results					
Segment results before interest and taxation	13,846	1,679	(989)		14,536
Interest income					1,301
Finance costs, net					(11,672)
Profit before share of results of associates					4,165
Share of results of associates	12,377	–	(2,059)		10,318
Profit before income tax					14,483
Income tax					(6,926)
Profit after income tax					7,557
Minority interests					(6,848)
Profit attributable to equity holders of the Company					709

36 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
2009				
Balance sheet				
Segments assets	638,728	34,037	51,943	724,708
Interest in associates	72,430	–	8,951	81,381
	711,158	34,037	60,894	806,089
Unallocated assets				3,453
Consolidated total assets				809,542
Segments liabilities	120,758	3,127	8,690	132,575
Unallocated liabilities				316,619
Consolidated total liabilities				449,194
Other information				
Addition of property, plant and equipment	40,800	106	106	41,012
Non-cash expenses:				
Allowance for doubtful debts (non-trade)	553	–	–	553
Allowance for doubtful debts (trade)	623	9	1,072	1,704
Allowance for stock obsolescence	1,931	431	358	2,720
Amortisation	4,367	–	–	4,367
Depreciation	28,010	640	647	29,297
Fair value loss on investment properties	62	–	–	62
Loss on disposal of property, plant and equipment	325	–	27	352
Impairment loss available-for-sale investments	4,235	2,188	–	6,423
Impairment loss on property, plant and equipment	11,177	–	–	11,177
Product development expenditure written off	1,514	–	–	1,514
Property, plant and equipment written off	893	–	–	893
Unrealised fair value gain of commodity contracts	(11,550)	–	–	(11,550)

36 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$'000	Elimination S$'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)

36 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				
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
Other information				
Addition of property, plant and equipment	38,818	22	1,607	40,447
Non-cash expenses:				
Allowance for doubtful debts (trade)	5,055	9	117	5,181
Allowance for stock obsolescence	123	9	(2)	130
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

Revenue from external customers by geographical areas

	The Group 2009 S$'000	The Group 2008 S$'000
Asia	**512,796**	529,827
North and South America	**102,775**	139,910
Europe and others	**248,565**	306,645
	864,136	976,382

37 ACQUISITION AND DIVESTMENT OF SUBSIDIARIES

(a) During the financial year ended 31 March 2009:

The Group acquired additional 50% interest in Aim High Group Limited for a consideration of US$11,000,000, resulting in the company becoming a wholly-owned subsidiary of the Group. The allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities being acquired in this business combination is currently being determined and has not been completed due to the complexity involved in identifying and valuing the underlying assets. In the meantime, the provisional goodwill that results from the purchase price and the carrying amounts of the assets and liabilities acquired amounting to S$6,723,000 had been recognised.

Aim High Group Limited contributed S$17,798,000 revenue and S$276,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on 1 April 2008, total Group's revenue for the year would have been S$874,406,000 and profit for the year would have been S$7,958,000.

The Group acquired additional 15% interest in GP Batteries (China) Limited for a consideration of RMB12,600,000, resulting in the company becoming a wholly-owned subsidiary of the Group.

The Group divested 19% interests in Ningbo Fengyin Battery Co., Ltd, for a consideration of approximately RMB3,000,000, resulting in the company becoming a 32%-owned associate of the Group.

The Group divested 20% interests in Bolder Technologies Pte Ltd, for a consideration of S$4,000,000, resulting in the company becoming a 80%-owned subsidiary of the Group.

(b) Effects of acquisitions

The cashflow and the net assets of a subsidiary acquired during 2009 are as follows:

	Acquiree carrying amount before combination and at fair value S$'000
Property, plant and equipment	2
Bank balances and cash	659
Debtors, deposits and prepayments	15,110
Stocks	4,464
Creditors and accrued charges	(10,427)
Tax payable	(2,428)
Interest in associates	9,009
Interest in subsidiary previously accounted for as an associate #	(8,195)
Net assets acquired	8,194
Goodwill	6,723
Total purchase consideration	14,917
Purchase consideration payable	(2,984)
Deposits paid	(8,923)
Cash and cash equivalents acquired	(659)
Cash outflow on acquisition, net of cash paid	2,351

Includes goodwill on consolidation of S$2,470,000

37 ACQUISITION AND DIVESTMENT OF SUBSIDIARIES (cont'd)

(c) Effects of divestments

The cashflow and the net assets of a subsidiary divested during 2009 are as follows:

	The Group 2009 S$'000
Deferred tax assets	41
Property, plant and equipment	1,537
Bank balances and cash	164
Debtors, deposits and prepayments	5,653
Stocks	2,922
Creditors and accrued charges	(7,183)
Tax payable	(12)
Minority interest	(1,530)
Net assets divested	1,592
Equity interest retained as associates	(999)
Gain on divestment of subsidiary	37
Total purchase consideration	630
Cash and cash equivalents of subsidiary divested	**(164)**
Cash inflow on divestment, net of cash received	**466**

38 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

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.

Critical judgements in applying the Group's accounting policies

Apart from those involving estimations (see below), management is of the view that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements, except as follows:

Going concern assumptions

The Group and the Company are dependent on continuous support from their banks to meet their financial obligations particularly in the refinancing of certain term loan facilities when they fall due. In this regard, management has commenced discussions with their bankers. These discussions are ongoing and have not been concluded as at the date of this report. This represents an uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern.

Nevertheless, after considering the measures taken and the uncertainty described above as well as the fact that a major shareholder of the Company has given an undertaking to provide continuing financial support, at least for twelve months from the date of this report, to enable the Group to operate as going concerns, management believes that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, management continue to adopt the going concern basis in preparing the financial statements.

38 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY (cont'd)

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 statements.

(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 statements.

(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 statements.

(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.

(f) *Fair value of available-for-sale investments*

The fair value of the unquoted equity shares is determined based on the valuation performed by an independent professional valuer. In relying on the independent professional valuation report, management had considered the method of valuation, the underlying assumptions involved and is of the view that the estimated values are reasonable.

38 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

(g) *Impairment of investments in subsidiaries and associates*

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the fair value less cost to sell. The fair value less cost to sell requires the Company to estimate the fair value of the subsidiaries and associates. Management has evaluated the recoverability of these investments based on such estimates and the Company has recognised an impairment loss on the investments in subsdiaries of S$39,861,000 (2008: S$16,000,000) in the profit and loss statement. The carrying values of the investments in subsidiaries and associates are set out in Note 15 and 16 to the financial statements.

(h) *Allowance for stock obsolescence*

The carrying amount of stocks is progressively reduced based on the age and type of stocks. These estimates of realisable values are made by management after taking into account historical and forecast selling prices. The carrying amount of stocks of the Group are set out in Note 20 to the financial statements.

39 SUBSEQUENT EVENT

Subsequent to the financial year end:

(i) the Group entered into an agreement to acquire the existing shares in GPBM Nordic AB, thereby increasing its shareholding in the entity from 30% to 34% (the "Acquisition") and dispose of all its shares in GP Battery Marketing Italy S.r.l., thereby disposing completely of its direct 51% shareholding (the "Disposal") in the entity.

The consideration for the Acquisition is approximately S$121,000 (Euro 62,000) and the consideration for the Disposal is approximately S$121,000 (Euro 62,000); and

(ii) the Group subscribed for 500,000 ordinary shares of GP Batteries (UK) Limited at GBP1 per share.