Consolidated Income Statement

Year ended 31 March 2010

	Note	The Group 2010 S$'000	The Group 2009 S$'000 (Restated)
Revenue	4	**799,366**	864,136
Cost of sales		**(612,636)**	(718,179)
Gross profit		**186,730**	145,957
Other operating income	5	**21,952**	43,431
Distribution expenses		**(58,644)**	(49,665)
Administrative expenses		**(88,567)**	(90,317)
Other operating expenses		**(9,224)**	(33,848)
Finance costs, net	6	**(9,532)**	(11,672)
Profit before share of results of associates		**42,715**	3,886
Share of results of associates		**12,364**	10,056
Profit before income tax	7	**55,079**	13,942
Income tax	9	**(12,667)**	(6,876)
Profit for the year		**42,412**	7,066
Profit attributable to:			
Equity holders of the Company		**37,099**	218
Minority interests		**5,313**	6,848
		42,412	7,066
Earnings per share (cents):			
- Basic	11	**33.82**	0.20
- Diluted	11	**33.82**	0.20

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2010

	Note	The Group 2010 S$'000	The Group 2009 S$'000 (Restated)
Profit for the year		**42,412**	7,066
Other comprehensive income:			
Translation differences arising from consolidation of foreign operations		**(36,274)**	34,207
Available-for-sale financial assets			
- Fair value gain arising during the year		**2,071**	2,468
- Reclassification to profit or loss from equity on disposal		**(2,035)**	–
- Reclassification of impairment loss to profit or loss from equity		**412**	–
Fair value adjustments arising from business combinations	34(b)	**–**	1,216
Other comprehensive (loss) income for the year, net of tax		**(35,826)**	37,891
Total comprehensive income for the year		**6,586**	44,957
Total comprehensive income attributable to:			
Equity holders of the Company		**4,187**	34,443
Minority interests		**2,399**	10,514
		6,586	44,957

See accompanying notes to financial statements.

Statements of Financial Position

31 March 2010

	Note	The Group 2010 S$'000	The Group 2009 S$'000 (Restated)	The Company 2010 S$'000	The Company 2009 S$'000
Non-current assets					
Investment properties	12	**1,263**	1,309	**–**	–
Property, plant and equipment	13	**247,702**	275,342	**478**	376
Interest in subsidiaries	14	**–**	–	**369,437**	450,617
Interest in associates	15	**85,067**	82,216	**11,590**	11,694
Available-for-sale investments	16	**3,346**	5,496	**–**	–
Deferred tax assets	26	**3,110**	2,691	**–**	–
Intangible assets	17	**5,581**	10,498	**–**	–
Goodwill on consolidation	18	**19,835**	20,453	**–**	–
Deposits and prepayments	22	**1,245**	–	**1,245**	–
Total non-current assets		**367,149**	398,005	**382,750**	462,687
Current assets					
Stocks	19	**131,970**	115,857	**–**	–
Debtors	20	**165,795**	191,041	**72,625**	92,737
Derivative financial instruments	21	**–**	85	**–**	85
Tax recoverable		**1,168**	762	**–**	–
Deposits and prepayments	22	**10,019**	10,437	**481**	467
Bank balances and cash		**77,614**	91,926	**4,232**	5,508
Total current assets		**386,566**	410,108	**77,338**	98,797
Current liabilities					
Creditors and accrued charges	23	**180,270**	130,000	**77,243**	71,707
Obligations under finance leases	24	**200**	352	**–**	–
Income tax payable		**7,831**	6,274	**225**	155
Bank loans and overdrafts	25	**150,436**	306,471	**75,497**	214,904
Total current liabilities		**338,737**	443,097	**152,965**	286,766
Net current assets (liabilities)		**47,829**	(32,989)	**(75,627)**	(187,969)
Non–current liabilities					
Bank loans	25	**53,005**	–	**46,609**	–
Obligations under finance leases	24	**84**	585	**–**	–
Deferred tax liabilities	26	**4,334**	3,235	**–**	–
Total non–current liabilities		**57,423**	3,820	**46,609**	–
Net assets		**357,555**	361,196	**260,514**	274,718
Represented by					
Share capital	27	**230,975**	230,971	**230,975**	230,971
Reserves		**77,711**	77,363	**29,539**	43,747
Attributable to equity holders of the Company		**308,686**	308,334	**260,514**	274,718
Minority interests		**48,869**	52,862	**–**	–
		357,555	361,196	**260,514**	274,718

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 March 2010

The Group	Note	Share capital	Capital reserve #	Legal reserve	Translation reserve	Property/ Asset revaluation reserve	Retained profits	Share option reserve (Note 27)	Fair value reserve	Attributable to equity holders of the Company	Minority interests	Total
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2008		230,971	(35,507)	9,004	(100,322)	2,151	173,309	1,133	(2,916)	277,823	47,947	325,770
Total comprehensive income for the year		–	–	–	30,541	1,216	218	–	2,468	34,443	10,514	44,957
Capital contributions		–	–	–	–	–	–	–	–	–	396	396
Dividends paid	10(a)	–	–	–	–	–	(3,949)	–	–	(3,949)	–	(3,949)
Dividends paid to minority shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	(2,895)	(2,895)
Transfer to (from) reserves		–	507	1,596	–	–	(2,103)	–	–	–	–	–
Transfer to retained profits		–	–	–	–	(9)	9	–	–	–	–	–
Change in share of net assets upon change in interests		–	17	–	–	–	–	–	–	17	–	17
Effects of changes in shareholdings on minority interest, net		–	–	–	–	–	–	–	–	–	(3,100)	(3,100)
Balance at 1 April 2009 (restated)		230,971	(34,983)	10,600	(69,781)	3,358	167,484	1,133	(448)	308,334	52,862	361,196
Total comprehensive income for the year		–	–	–	(33,360)	–	37,099	–	448	4,187	2,399	6,586
Issue of shares	27	4	–	–	–	–	–	–	–	4	–	4
Dividends paid	10(a)	–	–	–	–	–	(3,839)	–	–	(3,839)	–	(3,839)
Dividends paid to minority shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	(6,156)	(6,156)
Transfer to (from) reserves		–	–	2,236	–	–	(2,236)	–	–	–	–	–
Effects of changes in shareholdings on minority interest, net		–	–	–	–	–	–	–	–	–	(236)	(236)
Balance at 31 March 2010		**230,975**	**(34,983)**	**12,836**	**(103,141)**	**3,358**	**198,508**	**1,133**	**–**	**308,686**	**48,869**	**357,555**

\# 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 2010

The Company	Note	Share capital S$'000	Retained profits S$'000	Share option reserve (Note 27) S$'000	Translation reserve S$'000	Total S$'000
Balance at 1 April 2008		230,971	91,743	1,133	–	323,847
Total comprehensive income		–	(45,180)	–	–	(45,180)
Dividends paid	10(a)	–	(3,949)	–	–	(3,949)
Balance at 31 March 2009		230,971	42,614	1,133	–	274,718
Total comprehensive income		–	(10,367)	–	(2)	(10,369)
Issue of shares	27	4	–	–	–	4
Dividends paid	10(a)	–	(3,839)	–	–	(3,839)
Balance at 31 March 2010		**230,975**	**28,408**	**1,133**	**(2)**	**260,514**

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended 31 March 2010

	Note	The Group 2010 S$'000	2009 S$'000 (Restated)
Operating activities			
Profit before income tax		**55,079**	13,942
Adjustments for:			
Allowance for doubtful debts (non-trade)	20	**551**	553
Allowance for doubtful debts (trade)	20	**3,342**	1,704
Allowance for stock obsolescence		**4,353**	2,720
Amortisation of customer relationship	17	**369**	279
Amortisation of product development expenditure	17	**3,775**	3,794
Amortisation of technical knowhow	17	**–**	573
Depreciation of property, plant and equipment	13	**28,099**	29,297
Dividend income from available-for-sale investments	5	**(89)**	(658)
Fair value (gain) loss on investment properties	12	**(63)**	62
Finance costs, net	6	**9,532**	11,672
Gain on disposal of available-for-sale investments	5	**(1,927)**	–
Gain on dilution/restructuring of an associate	5	**(896)**	(1,373)
Gain on disposal of equity interests in subsidiaries	5	**(37)**	(4,017)
Gain on disposal of equity interests in an associate	5	**(1,311)**	(219)
Impairment loss on available-for-sale investments		**1,378**	6,423
Impairment loss on property, plant and equipment	13	**4,143**	11,177
Interest income	5	**(857)**	(1,301)
Loss on disposal of property, plant and equipment, net		**893**	352
Product development expenditure written off	17	**–**	1,514
Property, plant and equipment written off		**1,207**	893
Realised (gain) loss on commodity contracts		**(1,049)**	32,337
Share of results of associates		**(12,364)**	(10,056)
Unrealised foreign exchange (gain) loss		**(9,450)**	9,895
Unrealised fair value gain of commodity contracts		**–**	(11,550)
Operating profit before working capital changes		**84,678**	98,013
Stocks		**(17,769)**	31,400
Debtors		**(17,225)**	25,591
Deposits and prepayments		**(1,709)**	(2,655)
Creditors and accrued charges		**64,589**	(51,344)
Cash generated from operations		**112,564**	101,005
Interest received		**801**	2,485
Interest paid		**(9,664)**	(12,782)
Income tax paid		**(10,732)**	(7,366)
Net cash from operating activities		**92,969**	83,342

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended 31 March 2010

	Note	The Group 2010 S$'000	2009 S$'000 (Restated)
Investing activities			
Acquisition and investment of associates		**(298)**	(12,728)
Acquisition of subsidiaries, net of cash acquired	34	**(1,987)**	(2,351)
Advance to an associate		**–**	(308)
Divestment of a subsidiary, net of cash received	34	**1,749**	466
Dividends received from associates		**4,088**	9,713
Dividends received from available-for-sale investments		**89**	658
Payment for additional interests in a subsidiary		**–**	(3,297)
Proceeds on disposal of an associate		**6,561**	1,668
Proceeds on disposal of available-for-sale investments		**2,862**	–
Proceeds on disposal of equity interests in a subsidiary		**–**	4,000
Proceeds on disposal of property, plant and equipment		**1,194**	384
Purchase of available-for-sale investments		**(131)**	(1,369)
Purchase of property, plant and equipment	A	**(22,026)**	(40,689)
Net cash used in investing activities		**(7,899)**	(43,853)
Financing activities			
Drawdown of term loans		**90,940**	15,000
Repayment of term loans		**(183,805)**	(15,204)
Other short term bank loans obtained, net		**8,007**	51,000
Capital contributions from minority shareholders		**–**	396
Dividends paid	10(a)	**(3,839)**	(3,949)
Dividends paid to minority shareholders		**(6,156)**	(2,895)
Issue of shares	27	**4**	–
Repayment of obligations under finance leases		**(377)**	(542)
Repayment of notes		**–**	(60,000)
Net cash used in financing activities		**(95,226)**	(16,194)
Net (decrease) increase in cash and cash equivalents		**(10,156)**	23,295
Cash and cash equivalents at 1 April		**87,599**	60,304
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(2,828)**	4,000
Cash and cash equivalents at 31 March	B	**74,615**	87,599

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$22,026,000 (2009 : S$41,012,000) of which S$Nil (2009 : S$323,000) was acquired under finance leases.

B. Cash and cash equivalents at 31 March comprise:

	Note	2010 S$'000	2009 S$'000
Bank balances and cash		**77,614**	91,926
Bank overdrafts	25	**(2,999)**	(4,327)
		74,615	87,599

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 30 to the financial statements.

The financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2010 were authorised for issue by the Board of Directors on 18 June 2010.

As at 31 March 2010, the Company's current liabilities exceeded its current assets by S$75,627,000 (2009 : S$187,969,000). The financial statements of the Company have been prepared on a going concern basis as the management is of the view that its major shareholder will continue to provide financial support to enable the Company to meet its financial obligations as and when they fall due. If the financial support is not forth coming, the going concern basis would then be inappropriate. If the Company was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than the amounts that are currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

ADOPTION OF NEW AND REVISED STANDARDS

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2009. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1(2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

Amendments to FRS 107 Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments

The amendments to FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 108 – Operating Segments

The Group adopted FRS 108 with effect from 1 April 2009. 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, the predecessor standard (FRS 14 Segment Reporting) required 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. The adoption of FRS 108 did not result in any change in the Group's reportable segments. Comparatives for disclosure on geographical information have been changed to conform with the requirements of FRS 108.

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

FRS 24	-	Related Party Disclosures (Revised)
FRS 27	-	Consolidated and Separate Financial Statements (Revised)
FRS 28	-	Investments in Associates (Revised)
FRS 39	-	Financial Instruments: Recognition and Measurement (Amendments relating to Embedded Derivatives)
FRS 103	-	Business Combinations (Revised)

Amendments arising from Improvements to FRSs (issued in June 2009)

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 24 (Revised) Related Party Disclosures

FRS 24 (Revised) Related Party Disclosures is effective for annual periods beginning on or after 1 January 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity. In addition, the revised Standard provides partial exemption for government-related entities, in relation to the disclosure of transactions, outstanding balances and commitments. Where such exemptions apply, the reporting entity has to make additional disclosures, including the nature of the government's relationship with the reporting entity and information on significant transactions or group of transactions involved. In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

FRS 27 (Revised) Consolidated and Separate Financial Statements; and FRS 103 (Revised) Business Combinations

FRS 27 (Revised) is effective for annual periods beginning on or after 1 July 2009. FRS 103 (Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the Group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 27 (Revised) Consolidated and Separate Financial Statements; and FRS 103 (Revised) Business Combinations (cont'd)

Similarly, FRS 103 is concerned with accounting for business combination transactions. The changes to the Standard are significant, but their impact can only be determined once the detail of future business combination transactions is known. The amendments to FRS 103 will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 28 (Revised) Investments in Associates

In FRS 28 (Revised), the principle adopted under FRS 27 (Revised) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to FRS 28 (Revised); therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

FRS 28 (Revised) will be adopted for periods beginning on or after 1 July 2009 and will be applied prospectively in accordance with the relevant transitional provisions and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Amendments to FRS 7 Statement of Cash Flows

The amendments (part of Improvements to FRSs issued in June 2009) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in FRS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) will be reclassified from investing to operating activities in the statement of cash flows. The amendments to FRS 7 will be adopted for periods beginning on or after 1 January 2010.

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 statement of comprehensive income 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 value that has been recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 statement of financial position 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 indications 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOODWILL (cont'd)

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

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

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

INVESTMENT PROPERTIES

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

PROPERTY, PLANT AND EQUIPMENT

Freehold land is carried at historical cost or at its revalued amount, being the fair value on the basis of its 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

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 straight line or 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

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

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

During the current financial year, the Group allows the inclusion of the straight line method of depreciation in addition to the reducing balance method of depreciation for property, plant and equipment. This does not give rise to any significant impact to the profit or loss in the current year.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INTANGIBLE ASSETS (cont'd)

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.

Intangible assets acquired in a business combination - customer relationship

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsquent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At the end of each reporting period, 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS

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

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 are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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 time frame 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available-for-sale and are stated at fair value. 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 other comprehensive income.

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. 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 available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Impairment of financial assets (cont'd)

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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to 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, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

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 liabilities (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.

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 the end of each reporting period. 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 end of each reporting period, 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 statement of financial position 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 RESERVE

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 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 end of each reporting period.

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 end of each reporting period.

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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 end of each reporting period.

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 outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively), 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 statement of financial position 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of each reporting period. 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 other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

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 end of each reporting period. 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 recognised in other comprehensive income and accumulated in a separate component in equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

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 recognised in other comprehensive income and accumulated in foreign currency translation reserve (attributed to minority interest, as appropriate).

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 end of each reporting period:

	The Group		The Company	
	2010 S$'000	2009 S$'000 (Restated)	2010 S$'000	2009 S$'000
Financial Assets				
Fair value through profit or loss (FVTPL):				
Held for trading	**–**	85	**–**	85
Loans and receivables (including cash and cash equivalents)	**244,782**	288,375	**76,926**	98,374
Available-for-sale financial assets	**3,346**	5,496	**–**	–
Financial Liabilities				
Amortised cost	**383,995**	437,408	**199,349**	286,611

(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 a maximum period of 12 months.

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

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

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

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

(i) Foreign exchange risk management

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

At the end of the reporting period, 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	
	2010 S$'000	2009 S$'000 (Restated)	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
United States dollars	**87,012**	167,294	**102,274**	135,040	**86,373**	160,551	**32,897**	29,124
Hong Kong dollars	**12,238**	11,227	**3,241**	748	**16,929**	25,995	**30,185**	43,597
Chinese Renminbi	**40,021**	22,640	**12,506**	17,103	**–**	–	**8,477**	22,675
Japanese Yen	**8,079**	6,443	**110**	188	**–**	–	**33**	34
Euro	**1,388**	1,019	**1,407**	1,788	**–**	–	**–**	101

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 21 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)	
	2010	2009	2010	2009
	S$'000	S$'000 (Restated)	S$'000	S$'000
United States dollars impact	**(763)**	1,613	**2,674**	6,571
Hong Kong dollars impact	**450**	524	**(663)**	(880)
Chinese Renminbi impact	**1,376**	277	**(424)**	(1,134)
Japanese Yen impact	**398**	313	**(2)**	(2)
Euro impact	**(1)**	(38)	**–**	(5)

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.

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 end of each reporting period 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 2010 would decrease/increase by S$1,017,000 (2009 : decrease/increase by S$1,532,000). 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 2010 would decrease/increase by S$611,000 (2009 : decrease/increase by S$1,075,000). 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 16 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 2010 would increase/decrease by S$249,000 (2009: S$ Nil); and
- the Group's fair value reserves would increase/decrease by S$Nil (2009 : increase/decrease by S$76,000).

(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 20 to the financial statements.

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	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
By geographical areas				
Asia	**76,226**	85,610	**16,395**	33,194
North and South America	**20,432**	21,018	**–**	–
Europe and others	**43,625**	55,500	**–**	–
	140,283	162,128	**16,395**	33,194

(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 statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000
The Group					
2010					
Non-interest bearing	–	180,270	–	–	180,270
Finance lease liability (fixed rate)	8.99	237	88	(41)	284
Variable interest rate instruments	4.10	158,759	54,121	(9,439)	203,441
		339,266	54,209	(9,480)	383,995
2009 (Restated)					
Non-interest bearing	–	130,000	–	–	130,000
Finance lease liability (fixed rate)	6.46	408	608	(79)	937
Variable interest rate instruments	3.38	315,044	–	(8,573)	306,471
		445,452	608	(8,652)	437,408

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)

	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					
2010					
Non-interest bearing	–	77,243	–	–	77,243
Variable interest rate instruments	4.64	81,175	47,739	(6,808)	122,106
		158,418	47,739	(6,808)	199,349
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

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 statement of financial position.

	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					
2010					
Non-interest bearing	244,782	–	3,346	–	248,128
2009					
Non-interest bearing	288,375	–	5,496	–	293,871
The Company					
2010					
Non-interest bearing	76,926	–	–	–	76,926
2009					
Non-interest bearing	98,374	–	–	–	98,374

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)

Derivative financial instruments

The liquidity analysis for derivative financial instruments is disclosed in Note 21 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.

The financial statements include holdings in unquoted shares which are measured at fair value (Note 16). Fair value is estimated by using a discounted cash flow model which includes some assumptions that are not supportable by observable market price or rates. Included in (iii) above is a sensitivity analysis of the changes in key inputs to the model. Changes in these assumptions do not significantly change the fair value recognised.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

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

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

Financial instruments measured at fair value

	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000
The Group				
Financial assets				
2010				
Available-for-sale investments:				
- Unquoted equity shares	2,080	–	–	2,080

The Company

The Company had no financial assets and liabilities carried at fair value in 2010.

Movements in level 3 financial instruments measured at fair value

	Available-for-sale investments S$'000
2010	
Opening balance	3,872
Total gains in other comprehensive income	2,071
Total losses in profit or loss	(608)
Disposals	(2,970)
Currency alignment	(285)
Closing balance	2,080

(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 24 to 25 and equity attributable to equity holders of the Company, comprising issued capital as disclosed in Note 27, reserves and retained profits.

The Group's overall strategy remains unchanged from 2009. The Group and the Company are in compliance with externally imposed capital requirements which include PRC legal requirement to set aside a legal reserve and financial covenants to maintain certain financial ratios required by the financial institutions for the facilities granted as at 31 March 2010 and 2009.

4 REVENUE

	The Group	
	2010	2009
	S$'000	S$'000
Sales of products	**799,366**	864,136

5 OTHER OPERATING INCOME

	The Group	
	2010	2009
	S$'000	S$'000
Commission income (Note 32)	**–**	1,503
Compensation from a customer	**1,780**	2,801
Dividend income from available-for-sale investment in:		
Quoted securities	**89**	66
Unquoted securities	**–**	592
Fair value gain on investment properties (Note 12)	**63**	–
Foreign exchange gain, net	**8,414**	–
Gain on dilution/restructuring of an associate	**896**	1,373
Gain on disposal of available-for-sale investments	**1,927**	–
Gain on disposal of equity interests in subsidiaries	**37**	4,017
Gain on disposal of equity interests in an associate	**1,311**	219
Government grant	**2,630**	14,194
Interest income	**857**	1,301
Management fee income	**38**	69
Rental income	**1,002**	905
Technical fee income	**2,908**	4,841
Unrealised fair value gain on commodity contracts	**–**	11,550
	21,952	43,431

6 FINANCE COSTS, NET

	The Group	
	2010	2009
	S$'000	S$'000
Interest expense on:		
Bank loans and overdrafts	**9,407**	11,107
Notes	**–**	517
Finance leases	**40**	83
	9,447	11,707
Realised gain on interest rate swap	**–**	(43)
Unrealised fair value loss (gain) on forward foreign exchange contract	**85**	(85)
Unrealised fair value loss on interest rate swap	**–**	93
	9,532	11,672

7 PROFIT BEFORE INCOME TAX

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

	The Group	
	2010 S$'000	2009 S$'000
Allowance for doubtful debts (non-trade) [a]	**551**	553
Allowance for doubtful debts (trade) [c]	**3,342**	1,704
Allowance for stock obsolescence	**4,353**	2,720
Audit fees:		
Auditors of the Company	**320**	274
Other auditors	**881**	891
Non-audit fees:		
Auditors of the Company	**52**	12
Other auditors	**88**	178
Cost of inventories recognised as expense	**612,636**	718,179
Foreign exchange loss, net [a]	**–**	12,212
Impairment loss on available-for-sale investments [a]	**1,378**	6,423
Impairment loss on property, plant and equipment [a]	**4,143**	11,177
Loss on disposal of property, plant and equipment, net [a]	**893**	352
Operating lease expense	**6,536**	7,151
Product development expenditure written off [a]	**–**	1,514
Property, plant and equipment written off [a]	**1,207**	893
Unrealised fair value loss on commodity contracts [a]	**–**	(11,550)
Realised (gain) loss on commodity contracts [b]	**(1,049)**	32,337

(a) Included in other operating expenses/other operating income in the consolidated statement of comprehensive income
(b) Included in cost of sales in the consolidated statement of comprehensive income
(c) Included in distribution expenses in the consolidated statement of comprehensive income

8 STAFF COSTS

	The Group	
	2010 S$'000	2009 S$'000
Directors' remuneration:		
Fees	**140**	125
Emoluments		
of the Company	**740**	420
of the subsidiaries	**2,141**	1,745
Salaries and wages	**105,210**	105,581
Defined contribution plans	**3,889**	4,695
	112,120	112,566

9 INCOME TAX

	The Group	
	2010	2009
	S$'000	S$'000
		(Restated)
Current income tax:		
Provision for current year	**10,920**	7,983
Underprovision in respect of prior years	**742**	193
Withholding tax on overseas income	**574**	–
	12,236	8,176
Deferred income tax:		
Charge (Credit) for current year	**1,014**	(565)
Overprovision in respect of prior years	**(583)**	(735)
	431	(1,300)
	12,667	6,876

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2009 : 17%) to profit before income tax as a result of the following differences:

	The Group	
	2010	2009
	S$'000	S$'000
		(Restated)
Profit before income tax	**55,079**	13,942
Income tax at statutory rate	**9,363**	2,370
Add/(Less):		
Tax effect of share of results of associates	**(2,102)**	(1,710)
Effect of different tax rates of overseas operations	**(1,037)**	264
Effect of change in tax rates	**(6)**	(71)
Income not subject to tax	**(795)**	(1,951)
Utilisation of previously unrecognised deferred tax benefits	**(2,684)**	(3,074)
Under (Over) provision in prior years	**159**	(542)
Non-allowable items	**2,772**	5,681
Unrecognised deferred tax benefits	**6,423**	5,909
Withholding tax on overseas income	**574**	–
Income tax at effective tax rate	**12,667**	6,876

10 DIVIDENDS

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

	The Group and the Company	
	2010	**2009**
	S$'000	**S$'000**
2009 final tax-exempt (1-tier) dividend of 1.5 Singapore cents per share	**1,645**	–
2010 interim tax-exempt (1-tier) dividend of 2.0 Singapore cents per share	**2,194**	–
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
	3,839	3,949

b) Proposed dividends at 31 March are as follows:

2010 final tax-exempt (1-tier) dividend of 8.0 Singapore cents per share	**8,775**	–
2009 final tax-exempt (1-tier) dividend of 1.5 Singapore cents per share	**–**	1,645

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.

11 EARNINGS PER SHARE

The following data are used in computing basic and fully diluted earnings per share disclosed in the consolidated statement of comprehensive income.

a) Earnings

	The Group	
	2010	**2009**
	S$'000	**S$'000**
		(Restated)
Profit attributable to equity holders of the Company	**37,099**	218

b) Number of shares

	The Group	
	2010	**2009**
Weighted average number of ordinary shares used in calculating basic earnings per share	**109,687,275**	109,687,168

There are no dilutive effects for 2010 and 2009 as the share options are out-of-money.

12 INVESTMENT PROPERTIES

	The Group	
	2010	**2009**
	S$'000	**S$'000**
At 1 April	**1,309**	1,239
Currency realignment	**(109)**	132
Fair value gain (loss)	**63**	(62)
At 31 March	**1,263**	1,309

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.

The property rental income earned by the Group from its investment property which is leased out under operating leases, amounted to S$179,000 (2009 : S$159,000). Direct operating expenses arising on the investment property in the year amounted to S$9,000 (2009 : S$8,000).

Particulars of the investment property is 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

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group						
Cost/Valuation:						
At 1 April 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
Currency realignment	(403)	(7,036)	(18,365)	(2,970)	(3,188)	(31,962)
On acquisition of a subsidiary	–	363	293	4	822	1,482
On disposal of a subsidiary	(897)	–	–	–	(352)	(1,249)
Transfer	–	25,790	10,419	(36,209)	–	–
Additions	–	5,961	2,094	11,839	2,132	22,026
Disposals and write-offs	–	(523)	(43,732)	(243)	(6,875)	(51,373)
At 31 March 2010	30,206	118,810	397,721	10,025	45,938	602,700
Represented by:						
At 31 March 2010						
Cost	22,792	118,810	397,721	10,025	45,938	595,286
Valuation	7,414	–	–	–	–	7,414
Total	30,206	118,810	397,721	10,025	45,938	602,700
At 31 March 2009						
Cost	24,303	94,255	447,012	37,604	53,399	656,573
Valuation	7,203	–	–	–	–	7,203
Total	31,506	94,255	447,012	37,604	53,399	663,776

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group						
Accumulated depreciation:						
At 1 April 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
Currency realignment	(29)	(1,744)	(12,090)	–	(2,244)	(16,107)
On disposal of a subsidiary	(134)	–	–	–	(264)	(398)
Depreciation	661	4,791	19,980	–	2,667	28,099
Disposals and write-offs	–	(523)	(37,183)	–	(6,093)	(43,799)
At 31 March 2010	6,552	26,050	267,885	–	32,826	333,313
Impairment loss:						
At 1 April 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
Currency realignment	–	(452)	(607)	–	–	(1,059)
Charge for the year	–	–	4,143	–	–	4,143
Disposal	–	–	(4,315)	–	–	(4,315)
At 31 March 2010	–	5,480	16,205	–	–	21,685
Carrying amount:						
At 31 March 2010	23,654	87,280	113,631	10,025	13,112	247,702
At 31 March 2009	25,452	64,797	132,850	37,604	14,639	275,342

13 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 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
Currency realignment	–	(10)	(10)
Additions	44	168	212
Disposals and write-offs	(55)	(70)	(125)
At 31 March 2010	688	1,164	1,852
Accumulated depreciation:			
At 1 April 2008	503	864	1,367
Depreciation	38	59	97
Disposals and write-offs	(10)	(55)	(65)
At 31 March 2009	531	868	1,399
Currency realignment	–	(4)	(4)
Depreciation	30	66	96
Disposals and write-offs	(49)	(68)	(117)
At 31 March 2010	512	862	1,374
Carrying amount:			
At 31 March 2010	176	302	478
At 31 March 2009	168	208	376

The carrying amount of property, plant and equipment includes an amount of S$303,000 (2009 : S$1,493,000) for the Group in respect of certain machinery, moulds, equipment and motor vehicles held under finance leases (Note 24).

The freehold land and buildings of the Group amounting to S$7,414,000 (2009 : S$7,203,000) 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 need 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 (2009 : S$892,000) for the Group in respect of the above assets. If the cost method had been used, the carrying amount of freehold land and building of the Group would have been S$22,858,000 (2009: S$24,686,000).

During the financial year, the Group carried out a review of the recoverable amount on some of the properties and machineries. Arising from the review, an impairment loss of S$4,143,000 (2009 : S$11,177,000) 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.

13 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
China		
No. 1-2, First Hong Ye Dong Road, Hong Ye Industrial Area Tang Xia, Dongguan, Guangdong, China	A 3-storey factory building with built-up area of 4,119 square metres	50 years from 1993
Road 12, Hong Ye Road, Hong Ye Industrial Area (138) Tang Xia, Dongguan, Guangdong, China	A 30,821-square metre plot of land with a 3-storey factory building and 7-storey staff quarters with built-up area of 9,840 square metres and 13,269 square metres respectively	50 years from 1995
99, Dahetou Road Duantang, Ningbo, China	Four factory buildings and office buildings with built-up area of 33,266 square metres	50 years from 1998
Lot No. 22 and No. 48 Peng Nam Industrial District, Huizhou City, Guangdong, China	A 8,752-square metre plot of land with a 3-storey factory building and 5-storey staff quarters with built-up area of 6,613 square metres and 1,224 square metres respectively	48 years from 2000
Gu Tang Au Industrial Development District, Huizhou City, Guangdong, China	A 13,034-square metre plot of land with a 3-storey factory building and staff quarters with built-up area of 11,149 square metres	50 years from 1997
	A 2,461-square metre plot of land with a 2-storey factory building with built-up area of 1,692 square metres	50 years from 2003
	A 13,590-square metre plot of land with a factory building with built-up area of 6,427 square metres	50 years from 1997
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

14 INTEREST IN SUBSIDIARIES

	The Company	
	2010	**2009**
	S$'000	**S$'000**
Unquoted equity shares, at cost	**196,247**	196,428
Less: Impairment loss	**(76,556)**	(61,156)
	119,691	135,272
Amounts due from subsidiaries (non-trade)	**248,241**	313,673
Financial guarantee contracts to subsidiaries	**1,505**	1,672
Total interest in subsidiaries	**369,437**	450,617

Included in the amounts due from subsidiaries is an amount of S$245,443,000 (2009 : S$310,632,000) which is interest free and forms part of the Company's net investment in the subsidiaries. The remaining amount due from subsidiaries of S$2,798,000 (2009 : S$3,041,000) is interest bearing at interest rates ranging from 3% to 5% per annum (2009 : 3% to 5%). 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$15,400,000 (2009 : S$39,861,000) in the consolidated statement of comprehensive income. The recoverable amounts of the investments have been determined on the basis of the estimated fair value of their underlying assets.

Details of the key subsidiaries are set out in Note 30 to the financial statements.

15 INTEREST IN ASSOCIATES

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	S$'000	**S$'000**	**S$'000**	**S$'000**
		(Restated)		
Cost of investment	**54,940**	55,808	**11,453**	11,453
Loan to associate	**1,333**	1,333	**–**	–
Financial guarantee contracts to associates	**–**	–	**137**	241
Share of post-acquisition reserves, net of dividends received	**28,794**	25,075	**–**	–
	85,067	82,216	**11,590**	11,694

15 INTEREST IN ASSOCIATES (cont'd)

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

	The Group	
	2010	2009
	S$'000	S$'000
Total assets	**432,026**	394,539
Total liabilities	**(237,650)**	(206,774)
Net assets	**194,376**	187,765
Revenue	**733,496**	738,328
Profit for the year	**30,633**	21,929

As at 31 March 2009, the Group did not recognise losses relating to certain associate where its share of losses exceeds the Group's carrying amount of its investment in this associate amounting to S$10,956,000 of which S$2,157,000 was the share of losses for the year. The Group has no obligation in respect of those losses. During the year, the Group resumed equity accounting of the losses of this associate following the capitalisation of indebtedness comprising shareholders' loan and advances.

Details of the key associates are set out in Note 31 to the financial statements.

16 AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2010	2009
	S$'000	S$'000
Equity shares:		
Quoted, at fair value	**–**	1,646
Unquoted, at fair value	**2,080**	2,226
Unquoted, at cost	**1,266**	1,624
Total available-for-sale investments	**3,346**	5,496

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 was 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 is based on the valuation performed by an independent valuer.

16 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 2010 S$'000	The Group 2009 S$'000
Swedish Kronor	**1,266**	1,244
New Taiwan dollars	**2,080**	2,226
Sterling Pounds	**–**	651

17 INTANGIBLE ASSETS

	The Group			
	Product development expenditure S$'000	Technical knowhow S$'000	Customer relationship S$'000	Total S$'000
Cost:				
At 1 April 2008	41,788	9,152	–	50,940
Currency realignment	4,151	974	221	5,346
Arising on business combination	–	–	1,755	1,755
Write-off	(1,514)	–	–	(1,514)
At 31 March 2009	44,425	10,126	1,976	56,527
Currency realignment	(3,576)	(820)	(165)	(4,561)
At 31 March 2010	40,849	9,306	1,811	51,966
Accumulated amortisation:				
At 1 April 2008	28,585	8,602	–	37,187
Currency realignment	3,228	951	17	4,196
Amortisation for the year *	3,794	573	279	4,646
At 31 March 2009	35,607	10,126	296	46,029
Currency realignment	(2,937)	(820)	(31)	(3,788)
Amortisation for the year *	3,775	–	369	4,144
At 31 March 2010	36,445	9,306	634	46,385
Total intangible assets				
At 31 March 2010	4,404	–	1,177	5,581
At 31 March 2009	8,818	–	1,680	10,498

* Included in administrative expenses in consolidated statement of comprehensive income.

18 GOODWILL ON CONSOLIDATION

	The Group	
	2010	**2009**
	S$'000	**S$'000**
		(Restated)
Cost:		
At 1 April	**20,453**	14,170
Currency realignment	**(1,650)**	(1,116)
Arising on acquisition	**1,263**	1,708
Arising on acquisition of a subsidiary previously accounted for as an associate	**–**	5,691
Write off to profit and loss on disposal	**(231)**	–
At 31 March	**19,835**	20,453
Carrying amount:		
At 31 March	**19,835**	20,453

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	
	2010	**2009**
	S$'000	**S$'000**
		(Restated)
Zhongyin (Ningbo) Battery Co. Ltd	**6,007**	6,537
Gold Peak Industries (Taiwan) Limited	**3,906**	4,250
GP Batteries (U.K.) Limited	**1,212**	1,319
GP Battery Marketing Italy S.r.l.	**–**	231
Aim High Group Ltd	**5,889**	6,408
GP Batteries (China) Limited	**1,278**	1,391
Huizhou Gold Won Electrochemical Company Limited	**292**	317
Vectrix Sp.z.o.o. (Poland)	**1,251**	–
	19,835	20,453

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 2% to 20% (2009 : 5% to 15%).

The rate used to discount the forecast cash flow ranges from approximately 11% to 14% (2009 : 10% to 14%).

Any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amount of the CGU.

19 STOCKS

	The Group	
	2010 S$'000	2009 S$'000
Raw materials		
At cost	**24,458**	25,165
At net realisable value	**550**	2,270
Work in progress		
At cost	**30,807**	20,234
At net realisable value	**137**	1,774
Finished goods		
At cost	**69,390**	56,691
At net realisable value	**6,628**	9,723
	131,970	115,857

The cost of inventories recognised as an expense includes S$4,566,000 (2009 : S$2,846,000) in respect of write-downs of inventory to net realisable value, and has been reduced by S$213,000 (2009 : S$126,000) 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.

20 DEBTORS

		The Group		The Company	
	Note	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Trade					
Outside parties		**141,398**	162,982	**–**	–
Less: Allowances for doubtful debts		**(13,639)**	(11,752)	**–**	–
		127,759	151,230	**–**	–
Amounts due from:					
Associates	15, 31	**12,472**	10,849	**–**	–
Subsidiaries	14, 30	**–**	–	**16,395**	33,194
Related parties	32	**52**	49	**–**	–
		12,524	10,898	**16,395**	33,194
		140,283	162,128	**16,395**	33,194

20 DEBTORS (cont'd)

		The Group		The Company	
	Note	2010	2009	2010	2009
		S$'000	S$'000	S$'000	S$'000
Non-trade					
Outside parties		**20,849**	17,582	**461**	133
Amounts due from:					
Associates	15, 31	**5,740**	15,555	**543**	3,803
Subsidiaries	14, 30	**–**	–	**60,863**	57,218
Related parties	32	**5**	226	**115**	126
		5,745	15,781	**61,521**	61,147
Less: Allowance for doubtful debts		**(1,082)**	(4,450)	**(5,752)**	(1,737)
		4,663	11,331	**55,769**	59,410
		25,512	28,913	**56,230**	59,543
Total		**165,795**	191,041	**72,625**	92,737

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 (2009 : 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$48,751,000 (2009 : S$57,652,000) 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 past due of these receivables are 2 months (2009 : 2 months). Included in allowance for doubtful debts were specific provisions against trade debtors and non-trade debtors of S$2,792,000 and S$1,082,000 respectively (2009 : S$759,000 and S$4,450,000 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	
	2010	2009
	S$'000	S$'000
Balance at 1 April	**11,752**	9,661
Currency realignment	**40**	788
Charge for the year	**3,342**	1,704
Amount written off for the year	**(591)**	(401)
On disposal of a subsidiary	**(904)**	–
Balance at 31 March	**13,639**	11,752

20 DEBTORS (cont'd)

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

	The Group		The Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Balance at 1 April	**4,450**	3,967	**1,737**	–
Currency realignment	**(371)**	(70)	**–**	–
Charge for the year	**551**	553	**4,015**	1,737
Amount utilised	**(3,548)**	–	**–**	–
	1,082	4,450	**5,752**	1,737

21 DERIVATIVE FINANCIAL INSTRUMENTS

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 end of each reporting period, the total notional amount of outstanding forward foreign exchange contracts which the Group and the Company are committed to are as follows:

	The Group and the Company	
	2010	2009
	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 a gain of S$85,000. The fair values are measured based on estimated valuation derived from market quotations. The Group's and the Company's derivative financial instruments for 2009 were due within 1 year.

22 DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Deposits	**2,618**	5,408	**1,314**	129
Prepayments	**8,646**	5,029	**412**	338
	11,264	10,437	**1,726**	467
Presented in the statements of financial position as:				
Non-current assets	**1,245**	–	**1,245**	–
Current assets	**10,019**	10,437	**481**	467
	11,264	10,437	**1,726**	467

23 CREDITORS AND ACCRUED CHARGES

	Note	The Group 2010 S$'000	The Group 2009 S$'000 (Restated)	The Company 2010 S$'000	The Company 2009 S$'000
Trade					
Outside parties		**128,220**	79,335	**–**	–
Amounts due to:					
Associates	15, 31	**30,017**	24,886	**–**	–
Related parties	32	**272**	342	**–**	–
Interest payable		**1,025**	1,589	**1,023**	1,503
Accrued charges		**19,843**	18,646	**1,362**	1,493
		179,377	124,798	**2,385**	2,996
Non-trade					
Outside parties		**–**	4,425	**–**	–
Amounts due to:					
Subsidiaries	14, 30	**–**	–	**74,678**	68,709
Associates	15, 31	**258**	262	**–**	–
Related parties	32	**635**	515	**180**	2
		893	5,202	**74,858**	68,711
Total		**180,270**	130,000	**77,243**	71,707

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 60 to 90 days (2009 : 30 to 60 days).

24 OBLIGATIONS UNDER FINANCE LEASES

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

	Total minimum lease payments		Present value of payments	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
The Group				
Within 1 year	**238**	408	**200**	352
Within 2 to 5 years	**87**	608	**84**	585
	325	1,016	**284**	937
Less: Future finance charges	**(41)**	(79)		
Present value of lease obligations	**284**	937		
Less: Amounts due within 1 year	**(200)**	(352)		
Amounts due within 2 to 5 years	**84**	585		

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.

25 BANK LOANS AND OVERDRAFTS

	The Group		The Company	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Unsecured:				
Bank loans	**192,773**	295,965	**122,106**	214,904
Bank overdrafts	**2,999**	4,327	**–**	–
Import loans	**7,669**	6,179	**–**	–
	203,441	306,471	**122,106**	214,904
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(150,436)**	(306,471)	**(75,497)**	(214,904)
Amount due for settlement after 12 months	**53,005**	–	**46,609**	–

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

26 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 2008	4,502	1,128	(2,447)	325	1,075	4,583
Currency realignment	70	120	(205)	38	68	91
On acquisition of a subsidiary	–	–	–	–	311	311
(Credit) Charge to profit and loss	(1,823)	(12)	880	45	(840)	(1,750)
At 31 March 2009 (Restated)	2,749	1,236	(1,772)	408	614	3,235
Currency realignment	(21)	(80)	112	(27)	(109)	(125)
(Credit) Charge to profit and loss	43	(1,092)	1,660	(303)	916	1,224
At 31 March 2010	2,771	64	–	78	1,421	4,334
Deferred tax assets						
At 1 April 2008	(47)	–	(267)	(203)	(2,450)	(2,967)
Currency realignment	(25)	–	(7)	61	(244)	(215)
On 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)
Currency realignment	–	–	31	(13)	168	186
On disposal of a subsidiary	–	–	–	–	188	188
Charge (Credit) to profit and loss	–	–	(56)	91	(828)	(793)
At 31 March 2010	–	–	(473)	(56)	(2,581)	(3,110)

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

	The Group 2010 S$'000	The Group 2009 S$'000
Unutilised tax losses	**118,348**	111,850
Difference in accounting and tax depreciation	**(2,798)**	(3,306)
Others	**268**	(96)
	115,818	108,448

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.

27 SHARE CAPITAL

	The Group and the Company			
	2010	2009	2010	2009
	Number of ordinary shares		S$'000	S$'000
Issued and paid-up:				
At 1 April	**109,687,168**	109,687,168	**230,971**	230,971
Exercise of share options	**3,000**	–	**4**	–
At 31 March	**109,690,168**	109,687,168	**230,975**	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 the outstanding share options are as follows:

	The Group and the Company			
	2010		2009	
	Number of share options '000	Weighted average exercise price S$	Number of share options '000	Weighted average exercise price S$
At 1 April	**3,594**	**2.01**	4,143	2.03
Exercised during the year	**(3)**	**1.25**	–	–
Lapsed during the year	**(375)**	**1.41**	(549)	2.16
At 31 March	**3,216**	**2.08**	3,594	2.01
Exercisable at 31 March	**3,216**		3,594	

The weighted average share price at the date of exercise for share options exercised during the year was S$1.60 (2009 : S$Nil). The options outstanding at the end of the year have a weighted remaining contractual life of 2.37 years (2009 : 3.12 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.

28 COMMITMENTS

As at the end of each reporting period, 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	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Within 1 year	**4,098**	5,219	**72**	96
After 1 year and within 5 years	**7,653**	6,824	**–**	72
After 5 years	**4,926**	8,383	**–**	–
	16,677	20,426	**72**	168

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	
	2010	2009
	S$'000	S$'000
Within 1 year	**912**	846
After 1 year and within 5 years	**1,309**	2,084
After 5 years	**–**	64
	2,221	2,994

b) Capital expenditure commitments

	The Group	
	2010	2009
	S$'000	S$'000
Capital expenditure contracted but not provided for	**993**	65
Capital expenditure authorised but not contracted for	**1,155**	929
	2,148	994

28 COMMITMENTS (cont'd)

c) Trust fund

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

The aggregate amount of the trust fund is HK$10 million. The Group has contributed approximately HK$6 million up to 31 March 2006 and the balance of HK$4 million will be contributed in instalment when the net asset value of the trust fund falls below a 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 2010, the Company has undertaken to provide financial support to some of its subsidiaries.

29 CONTINGENT LIABILITIES - UNSECURED

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Guarantees given in respect of banking and other facilities granted to:				
Subsidiaries (Notes 14 and 30)	**–**	–	**150,541**	167,221
Associates (Notes 15 and 31)	**13,696**	24,069	**13,696**	24,069
Others	**22**	1,143	**–**	60
	13,718	25,212	**164,237**	191,350

GPI International Limited ("GPII"), a subsidiary of the Group, initiated legal proceedings to collect certain amounts owed by a distributor for product ordered. The distributor asserted counter claims for breach of fiduciary duty, fraud, unjust enrichment and punitive damages for an unspecified amount. Another subsidiary of the Group, GP Battery Marketing (Latin America) Inc. ("GPBMLA"), was named as a counter defendant in the lawsuit. The distributor claimed that GPII and GPBMLA received certain proprietary information and failed to pay certain agreed-upon compensation. The court entered judgement in favour of GPII and GPBMLA on all of the counter claims. The distributor has filed an appeal with the United States Court of Appeals of the Eleventh Circuit and the Group's legal counsel cannot express an opinion as to the likely outcome of this appeal at this time. Management believes this appeal is without merit. Accordingly, no provision is taken up in the books of the Group.

30 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		Principal activities
		2010 %	2009 %	
Advanced Battery Technology Limited (4) #	British Virgin Islands	**80**	80	Intellectual property
Aim High Group Ltd (5) #	British Virgin Islands	**100**	100	Marketing and trading in batteries
Bolder Technologies Pte Ltd (1)	Singapore	**80**	80	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
GP Batteries (China) Limited (4) #	PRC	**100**	100	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

30 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2010 %	2009 %	Principal activities
GP Battery Marketing Inc (5) #	Canada	**75**	75	Marketing and trading in batteries
GP Battery Marketing Italy S.r.l. (4) #	Italy	**–** [Note 34]	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 (6)	PRC	**90**	90	Manufacturing of batteries
Ningbo GP Pairdeer Batteries Co., Ltd (6)	PRC	**75**	75	Manufacturing of batteries
North America Land Holdings Inc (5) #	United States of America	**100**	100	Property investment
Shanghai Bi Ba Batteries Co Ltd (4) #	PRC	**100**	100	Manufacturing of batteries
Shanghai Beaver Batteries Co., Ltd (4) #	PRC	**100**	100	Manufacturing of batteries

30 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2010 %	2009 %	
Sylva Industries (China) Limited (3) #	Hong Kong	**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) Reviewed 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
(6) Audited by Ningbo Dewei Certified Public Accountants Company for consolidation purposes

31 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		Principal activities
		2010 %	2009 %	
Advanced Electronics Batteries Energy Limited #	Hong Kong	– [Note 34]	20	Marketing and trading in batteries and battery products
AZ Limited (2) #	Russia	**40**	40	Marketing and trading in batteries
Changzhou Lithium Batteries Ltd (1) #	PRC	**40**	40	Manufacturing of batteries
Danionics Asia Limited (1) #	Hong Kong	**50**	50	Investment holding
Danionics (Shenzhen) Limited (1) *	PRC	**50**	50	Manufacturing of batteries
Foshan-Shi Shunde-Qu Advanced Electronics Energy Limited *	PRC	– [Note 34]	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
Ningbo Fubang Battery Co Ltd (4) #	PRC	**30**	30	Manufacturing of batteries
STL Technology Co., Ltd (1) #	Taiwan	**34.46** [Note 34]	38.25	Manufacturing of battery packs and products
STL Technology SIP Co., Ltd (1) *	PRC	**34.46**	38.25	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
(4) Audited by Ningbo Dewei Certified Public Accountants Company for consolidation purposes

32 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	
	2010	**2009**
	S$'000	**S$'000**
Entities owned or controlled directly or indirectly by Gold Peak Industries (Holdings) Limited		
Sales	**(41)**	(17)
Other services received	**(54)**	(129)
Purchases	**1,662**	2,251
Rental and other services paid	**1,599**	1,969
Deposit under Letter of Intent for purchase of building	**–**	2,943
Associates		
Sales	**(30,612)**	(43,912)
Purchases	**124,035**	99,442
Commission income	**–**	(1,503)
Technical fee income	**(844)**	(976)

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

	The Group	
	2010	**2009**
	S$'000	**S$'000**
Short-term benefits	**3,021**	2,290

33 SEGMENT INFORMATION

Reportable operating segment information

The Group operates in only one main operating segment which focuses on the development, manufacturing, distribution and trading in batteries and battery related products. This operating segment has been identified on the basis of internal mangement reports that are regularly reviewed by the Executive Directors of the Group. The Executive Directors of the Group review the overall results of the Group as a whole to make decisions about resource allocation. Accordingly, no further analysis of this single reporting segment has been prepared. The accounting policies of this reportable segment are the same as the Group's accounting policies described in Note 2.

Geographical information

The Group's revenue and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Asia				
PRC (including Hong Kong)	**338,041**	377,080	**231,367**	246,812
Other parts of Asia	**126,621**	135,716	**95,381**	107,411
	464,662	512,796	**326,748**	354,223
North and South America	**109,516**	102,775	**13,194**	18,677
Europe and others	**225,188**	248,565	**24,097**	22,414
	799,366	864,136	**364,039**	395,314

The Group's activities are primarily based in the People's Republic of China including Hong Kong and other Asian countries. Revenue is based on the country in which the customer is located. Non-current assets are shown by the geographical areas in which these assets are located. Deferred tax assets are excluded for the purpose of above presentation.

Other information

	The Group	
	2010	2009
	%	%
Revenue by products		
Rechargeable	**37.6**	45.5
Primary cylindrical	**47.7**	43.0
Primary specialty	**14.7**	11.5
	100.0	100.0

There are no customers contributing more than 10 percent to the revenue of the Group.

34 ACQUISITION AND DIVESTMENT OF INVESTMENTS

(a) During the financial year ended 31 March 2010:

(i) the Group entered into an agreement to acquire the business of Vectrix Corporation. The total costs of the acquisition was approximately S$6,261,000, which comprised a cost of S$4,159,000 in acquiring the assets and S$2,102,000 in assuming certain liabilities. The Group has engaged an independent valuer to perform the purchase price allocation exercise. 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$1,263,000 had been recognised.

The contribution resulting from the above business combination to the Group's revenue and profit before tax was not significant for the period between the date of acquisition and the end of reporting period and for the whole financial year ended 31 March 2010 had the acquisition been completed on 1 April 2009.

(ii) the Group entered into an agreement to acquire additional shares in GPBM Nordic AB, thereby increasing its shareholding from 30% to 34% (the "Acquisition") and disposed of all its shares in GP Battery Marketing Italy S.r.l., thereby disposing completely of its direct 51% shareholding (the "Disposal"). The consideration for the Acquisition is approximately S$131,000 (Euro 62,000) and the consideration for the Disposal is approximately S$131,000 (Euro 62,000).

(iii) the Group subscribed for 500,000 ordinary shares allotment of GP Batteries (U.K.) Limited at GBP1 per share.

(iv) The Group disposed of its entire shareholding interests in a 20% owned associate, Advanced Electronics Batteries Energy Limited for a consideration of S$6,191,000 (HK$33.7 million).

(v) The Group's shareholding in STL Technology Co, Ltd decreased from 38.25% to 34.46% as a result of the allotment and issuance of additional shares to an investor.

(vi) The Group disposed part of its shareholding interests in Gold Yi Industries Co., Limited for a consideration of S$370,000 (HK$2 million) thereby reducing its interest from 45% to 30%.

(b) Adjustments to initial accounting for business combinations

During the financial year ended 31 March 2009, the Group acquired a 50% interest in Aim High Group Limited for a consideration of US$11 million, resulting in the company becoming a wholly-owned subsidiary of the Group. An independent valuer was engaged to perform the purchase price allocation ("PPA") exercise. The allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities being acquired in this business combination has been determined on a provisional basis in that year due to the complexity involved in identifying and valuing the underlying assets.

The purchase consideration for Aim High Group Limited had a variable component that was contingent on the audited net profit achieved by Aim High in the financial year ended 31 March 2009. In 2010, the PPA exercise was completed and in completing the initial accounting of the acquisition, the Group reviewed the estimated purchase consideration payable and reduced it according to the actual net profit achieved by Aim High. The following comparative information as at 31 March 2009 has been adjusted retrospectively as a result of the above completed PPA exercise.

34 ACQUISITION AND DIVESTMENT OF INVESTMENTS (cont'd)

(b) Adjustments to initial accounting for business combinations (cont'd)

	31 March 2009 as restated S$'000	31 March 2009 as previously stated S$'000
Intangible assets	10,498	8,818
Interest in associates	82,216	81,381
Goodwill on consolidation	20,453	24,397
Creditors and accrued charges	(130,000)	(132,575)
Deferred tax liabilities	(3,235)	(2,937)
Asset revaluation reserve	3,358	2,142
Retained profits	167,484	167,975
Translation reserve	(69,781)	(69,904)

(c) Effects of acquisitions

The carrying amounts which approximate the fair values of identifiable assets and liabilities of the subsidiary acquired, as at the effective date of acquisition, were as follows:

	2010 S$'000	2009 S$'000 (Restated)
Property, plant and equipment	**1,482**	2
Intangible assets	**–**	1,755
Bank balances and cash	**2,172**	659
Debtors, deposits and prepayments	**842**	15,110
Stocks	**3,866**	4,464
Creditors and accrued charges	**(3,330)**	(10,427)
Tax payable	**–**	(2,428)
Deferred tax liabilities	**–**	(311)
Obligation under finance leases	**(34)**	–
Interest in associates	**–**	9,503
Interest in subsidiary previously accounted for as an associate #	**–**	(8,917)
Net assets acquired	**4,998**	9,410
Goodwill	**1,263**	3,221
Total purchase price	**6,261**	12,631
Purchase price payable	**–**	(698)
Deposits paid	**–**	(8,923)
Assumed liabilities	**(2,102)**	–
Cash and cash equivalents acquired	**(2,172)**	(659)
Cash outflow on acquisition, net of cash paid	**1,987**	2,351

Included goodwill on consolidation of S$2,470,000.

34 ACQUISITION AND DIVESTMENT OF INVESTMENTS (cont'd)

(d) Effects of disposals

The cash flow and the net assets of a subsidiary disposed during the year are as follows:

	2010 S$'000	2009 S$'000
Property, plant and equipment	**851**	1,537
Deferred tax assets	**188**	41
Bank balances and cash	**19**	164
Debtors, deposits and prepayments	**4,583**	5,653
Stocks	**1,169**	2,922
Creditors and accrued charges	**(4,652)**	(7,183)
Tax payable	**(45)**	(12)
Obligation under finance leases	**(377)**	–
Bank overdrafts	**(1,637)**	–
Minority interest	**(236)**	(1,530)
Net (liabilities) assets disposed	**(137)**	1,592
Goodwill on consolidation written off on disposal	**231**	–
Equity interest retained as associates	**–**	(999)
Gain on disposal of subsidiary	**37**	37
Total sales consideration	**131**	630
Cash and cash equivalents of subsidiary disposed	**1,618**	(164)
Cash inflow on disposal, net of cash received	**1,749**	466

35 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.

35 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 end of each reporting period, 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 end of each reporting period is disclosed in Note 18 to the financial statements.

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

Determining whether the property, plant and equipment is impaired requires an estimation of the recoverable amount of the property, plant and equipment. In determining the recoverable amount, management will calculate the value in use by estimating the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows as well as obtaining market value of the property, plant and equipment.

The impairment and carrying amount of property, plant and equipment at the end of each reporting period are disclosed in Note 13 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 end of each reporting period are disclosed in Note 13 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 end of each reporting period are disclosed in Note 20 to the financial statements.

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

Key sources of estimation uncertainty (cont'd)

(e) *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.

The fair value of the available-for-sale investments is disclosed in Note 16 to the financial statements.

(f) *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 subsidiaries of S$15,400,000 (2009 : S$39,861,000) in the consolidated statement of comprehensive income. The carrying values of the investments in subsidiaries and associates are set out in Notes 14 and 15 to the financial statements.

(g) *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 19 to the financial statements.

36 SUBSEQUENT EVENT

Subsequent to the financial year end, the Group acquired an additional 40% interest in GP Battery Marketing (Korea) Limited for a consideration of approximately S$167,000, resulting in the entity becoming a 90% owned subsidiary of the Group.