Consolidated Income Statement

Year ended 31 March 2011

	Note	The Group 2011 S$'000	The Group 2010 S$'000 (Restated)
Revenue	4	**831,670**	799,366
Cost of sales		**(655,195)**	(610,516)
Gross profit		**176,475**	188,850
Other operating income	5	**8,831**	21,952
Distribution expenses		**(60,637)**	(69,022)
Administrative expenses		**(85,125)**	(80,309)
Other operating expenses		**(5,957)**	(9,224)
Finance costs	6	**(8,597)**	(9,532)
Profit before share of results of associates		**24,990**	42,715
Share of results of associates		**6,136**	12,364
Profit before income tax	7	**31,126**	55,079
Income tax	9	**(7,551)**	(12,667)
Profit for the year		**23,575**	42,412
Profit attributable to:			
Equity holders of the Company		**19,198**	37,099
Non-controlling interests		**4,377**	5,313
		23,575	42,412
Earnings per share (cents):			
- Basic	11	**17.49**	33.82
- Diluted	11	**17.46**	33.82

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2011

	The Group	
	2011	2010
	S$'000	S$'000
Profit for the year	**23,575**	42,412
Other comprehensive income (loss):		
Translation differences arising from consolidation of foreign operations	**(34,970)**	(36,274)
Available-for-sale financial assets		
- Fair value gain arising during the year	**892**	2,483
- Reclassification to profit or loss from equity on disposal	**–**	(2,035)
Other comprehensive loss for the year, net of tax	**(34,078)**	(35,826)
Total comprehensive (loss) income for the year	**(10,503)**	6,586
Total comprehensive (loss) income attributable to:		
Equity holders of the Company	**(11,062)**	4,187
Non-controlling interests	**559**	2,399
	(10,503)	6,586

See accompanying notes to financial statements.

Statements of Financial Position

31 March 2011

	Note	The Group 2011 S$'000	The Group 2010 S$'000 (Restated)	The Company 2011 S$'000	The Company 2010 S$'000
Non-current assets					
Investment properties	12	**1,133**	1,263	**–**	–
Property, plant and equipment	13	**243,904**	249,162	**3,085**	478
Interest in subsidiaries	14	**–**	–	**366,677**	369,437
Interest in associates	15	**69,926**	85,067	**16,398**	11,590
Available-for-sale investments	16	**4,673**	3,346	**–**	–
Deferred tax assets	26	**3,537**	3,110	**–**	–
Intangible assets	17	**2,042**	5,581	**–**	–
Goodwill on consolidation	18	**18,055**	19,835	**–**	–
Deposits and prepayments	22	**–**	1,245	**–**	1,245
Total non-current assets		**343,270**	368,609	**386,160**	382,750
Current assets					
Stocks	19	**105,658**	130,510	**–**	–
Debtors	20	**156,871**	165,795	**75,441**	72,625
Derivative financial instruments	21	**16**	–	**–**	–
Tax recoverable		**627**	1,168	**–**	–
Deposits and prepayments	22	**12,399**	10,019	**859**	481
Bank balances and cash		**75,617**	77,614	**1,753**	4,232
Total current assets		**351,188**	385,106	**78,053**	77,338
Current liabilities					
Creditors and accrued charges	23	**152,504**	180,270	**108,273**	77,243
Derivative financial instruments	21	**188**	–	**23**	–
Obligations under finance leases	24	**119**	200	**36**	–
Income tax payable		**3,118**	7,831	**348**	225
Bank loans and overdrafts	25	**174,622**	150,436	**67,166**	75,497
Total current liabilities		**330,551**	338,737	**175,846**	152,965
Net current assets (liabilities)		**20,637**	46,369	**(97,793)**	(75,627)
Non-current liabilities					
Bank loans	25	**29,027**	53,005	**29,027**	46,609
Obligations under finance leases	24	**67**	84	**67**	–
Deferred tax liabilities	26	**3,393**	4,334	**–**	–
Total non-current liabilities		**32,487**	57,423	**29,094**	46,609
Net assets		**331,420**	357,555	**259,273**	260,514
Represented by					
Share capital	27	**231,257**	230,975	**231,257**	230,975
Reserves		**55,676**	77,711	**28,016**	29,539
Attributable to equity holders of the Company		**286,933**	308,686	**259,273**	260,514
Non-controlling interests		**44,487**	48,869	**–**	–
		331,420	357,555	**259,273**	260,514

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 March 2011

	Note	Share capital S$'000	Capital reserve # S$'000	Legal reserve S$'000	Translation reserve S$'000	Property/ Asset revaluation reserve S$'000	Retained profits S$'000	Share option reserve (Note 27) S$'000	Fair value reserve S$'000	Attributable to equity holders of the Company S$'000	Non-controlling interests S$'000	Total S$'000
The Group												
Balance at 1 April 2009		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 non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	(6,156)	(6,156)
Transfer to (from) reserves		–	–	2,236	–	–	(2,236)	–	–	–	–	–
Effects of changes in shareholdings on non-controlling interests, 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
Total comprehensive income for the year		–	–	–	(31,152)	–	19,198	–	892	(11,062)	559	(10,503)
Issue of shares	27	282	–	–	–	–	–	–	–	282	–	282
Dividends paid	10(a)	–	–	–	–	–	(10,973)	–	–	(10,973)	–	(10,973)
Dividends paid to non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	(5,930)	(5,930)
Transfer to (from) reserves		–	550	281	–	–	(831)	–	–	–	–	–
Effects of changes in shareholdings on non-controlling interests, net		–	–	–	–	–	–	–	–	–	989	989
Balance at 31 March 2011		**231,257**	**(34,433)**	**13,117**	**(134,293)**	**3,358**	**205,902**	**1,133**	**892**	**286,933**	**44,487**	**331,420**

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

	Note	Share capital S$'000	Retained profits S$'000	Share option reserve (Note 27) S$'000	Translation reserve S$'000	Total S$'000
The Company						
Balance at 1 April 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
Total comprehensive income		–	9,256	–	194	9,450
Issue of shares	27	282	–	–	–	282
Dividends paid	10(a)	–	(10,973)	–	–	(10,973)
Balance at 31 March 2011		**231,257**	**26,691**	**1,133**	**192**	**259,273**

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended 31 March 2011

	Note	The Group 2011 S$'000	2010 S$'000
Operating activities			
Profit before income tax		**31,126**	55,079
Adjustments for:			
Allowance for doubtful debts (non-trade)	20	**–**	551
Allowance for doubtful debts (trade)	20	**(1,358)**	3,342
Allowance for stock obsolescence		**1,586**	4,353
Amortisation of customer relationship	17	**345**	369
Amortisation of product development expenditure	17	**2,806**	3,775
Depreciation of property, plant and equipment	13	**24,636**	28,099
Dividend income from available-for-sale investments	5	**(428)**	(89)
Fair value gain on investment properties	5, 12	**–**	(63)
Finance costs, net	6	**8,597**	9,532
Gain on dilution/restructuring of an associate	5	**–**	(896)
Gain on disposal of available-for-sale investments	5	**–**	(1,927)
Gain on disposal of equity interests in subsidiaries	5	**–**	(37)
Gain on disposal of equity interests in an associate	5	**(92)**	(1,311)
Gain on remeasurement to fair value of previously held equity interests at acquisition date	5	**(324)**	–
Gain on restructurisation of creditors		**(1,203)**	–
Goodwill written-off	18	**286**	–
Impairment loss on available-for-sale investments		**428**	1,378
Impairment loss on property, plant and equipment	13	**2,679**	4,143
Interest income	5	**(307)**	(857)
Loss on disposal of property, plant and equipment, net	7	**208**	893
Property, plant and equipment written off	7	**264**	1,207
Realised gain on commodity contracts	7	**(10)**	(1,049)
Share of results of associates		**(6,136)**	(12,364)
Unrealised foreign exchange gain		**(3,559)**	(9,450)
Unrealised fair value gain of commodity contracts	7	**(16)**	–
Operating profit before working capital changes		**59,528**	84,678
Stocks		**31,013**	(17,769)
Debtors		**(10,104)**	(17,225)
Deposits and prepayments		**(3,402)**	(1,709)
Creditors and accrued charges		**(16,814)**	64,589
Cash generated from operations		**60,221**	112,564
Interest received		**284**	801
Interest paid		**(8,310)**	(9,664)
Income tax paid		**(13,765)**	(10,732)
Net cash from operating activities		**38,430**	92,969
Investing activities			
Acquisition and investment of associates		**(1,876)**	(298)
Acquisition of subsidiaries, net of cash acquired	34	**(3,321)**	(1,987)
Divestment of a subsidiary, net of cash received	34	**–**	1,749
Dividends received from associates		**11,170**	4,088
Dividends received from available-for-sale investments		**428**	89
Proceeds on disposal of an associate		**–**	6,561
Proceeds on disposal of available-for-sale investments		**–**	2,862
Proceeds on disposal of property, plant and equipment		**242**	1,194
Purchase of available-for-sale investments		**(1,319)**	(131)
Purchase of property, plant and equipment	A	**(22,589)**	(22,026)
Net cash used in investing activities		**(17,265)**	(7,899)

Statement of Cash Flows

Year ended 31 March 2011

	Note	The Group 2011 S$'000	2010 S$'000
Financing activities			
Drawdown of term loans		**25,157**	90,940
Repayment of term loans		**(32,979)**	(183,805)
Other short term bank loans obtained		**13,932**	8,007
Dividends paid	10(a)	**(10,973)**	(3,839)
Dividends paid to non-controlling interests		**(5,930)**	(6,156)
Issue of shares	27	**282**	4
Repayment of obligations under finance leases		**(203)**	(377)
Net cash used in financing activities		**(10,714)**	(95,226)
Net increase (decrease) in cash and cash equivalents		**10,451**	(10,156)
Cash and cash equivalents at 1 April		**74,615**	87,599
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(10,586)**	(2,828)
Cash and cash equivalents at 31 March	B	**74,480**	74,615

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$22,704,000 (2010 : S$22,026,000) of which S$115,000 (2010 : S$Nil) was acquired under finance leases.

B. Cash and cash equivalents at 31 March comprise:

	Note	2011 S$'000	2010 S$'000
Bank balances and cash		**75,617**	77,614
Bank overdrafts	25	**(1,137)**	(2,999)
		74,480	74,615

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 2011 were authorised for issue by the Board of Directors on 17 June 2011.

As at 31 March 2011, the Company's current liabilities exceeded its current assets by S$97,793,000 (2010 : S$75,627,000). 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 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies except as disclosed below:

FRS 103 (2009) - *Business Combinations*

FRS 103 (2009) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The main impact of the adoption of FRS 103 (2009) Business Combinations on the Group has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. The Group has elected to measure the non-controlling interests at the non-controlling interests' proportionate share of the fair value of the identifiable net assets of the acquiree;
- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

FRS 103 (2009) - *Business Combinations (cont'd)*

- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss;

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition; and

- to remeasure its previously held equity interest in the acquiree at its acquisition-date at fair value for a business combination achieved in stages, and recognise the resulting gain or loss, if any, in profit or loss.

In the current year, these changes in polices have affected the accounting for the acquisition of GP Battery Marketing (Korea) Limited and Ningbo Fubang Battery Co Ltd. Consequently, only the Group's share of the goodwill will be accounted for and a gain resulting from remeasurement of previously held equity interests to fair value at acquisition date of S$324,000 had been recognised in profit or loss. Additional goodwill of S$195,000 had been recognised as a result of adoption of FRS 103 (2009).

FRS 27 (2009) *Consolidated and Separate Financial Statements*

FRS 27 (2009) has been adopted for periods beginning on or after 1 April 2010. The changes described below have been applied prospectively.

In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under FRS 27 (2009), all such increases or decreases are dealt within equity reserve, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstances, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss. In the current year, the change affected the acquisition of non-controlling interests of Gold Peak Industries (North America) Inc. The change has no material impact on the Group.

The revised Standard also requires total comprehensive income to be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. In prior years, any excess losses were allocated to the owners of the parent, except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses. The change in accounting policy has resulted in an increase in profit for the year of S$698,000 and has no material impact on the earnings per share.

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

The amendments to FRS 107 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.

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

Improvements to Financial reporting Standards (issued in October 2010)
FRS 24 - Related Party Disclosures (Revised)

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

The management anticipates that the adoption of the above FRSs and 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:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

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.

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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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 COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 Financial Instruments: Recognition and Measurement, or FRS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 Share-based Payment; and

- 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 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATES (cont'd)

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 from a business combination is recognised as an asset (except for those arising prior to adoption of FRS 103 Business Combinations, which were adjusted to equity) at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. 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 its carrying amount, 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 or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

INVESTMENT PROPERTIES

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT

Freehold land 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 from 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 decrease in carrying amount arising from 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 from 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 in profit or loss. Upon retirement or subsequent sale of a revalued asset, the attributable revaluation surplus included in asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

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.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INTANGIBLE ASSETS

Internally-generated intangible assets - product development expenditure

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

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

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

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

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, as the same basis as intangible assets acquired separately. 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised directly in the other comprehensive income 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 reclassified to 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 the statement of comprehensive income 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 from 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. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 from the settlement of monetary items, and from retranslation of monetary items are included in profit or loss for the period. Exchange differences arising from the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising from 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.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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 at 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 (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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.

Goodwill and fair value adjustments arising from 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	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Fair value through profit or loss (FVTPL):				
Held for trading	**16**	–	**–**	–
Loans and receivables (including cash and cash equivalents)	**233,979**	244,782	**77,391**	76,926
Available-for-sale financial assets	**4,673**	3,346	**–**	–
Financial liabilities				
Fair value through profit or loss (FVTPL):				
Held for trading	**188**	–	**23**	–
Amortised cost	**356,339**	383,995	**204,569**	199,349

(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 and 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.

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.

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)

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	
	2011	2010	2011	2010	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollars	**59,669**	87,012	**98,870**	102,274	**97,701**	86,373	**27,624**	32,897
Chinese Renminbi	**53,270**	40,021	**21,843**	12,506	**–**	–	**10,575**	8,477
Hong Kong dollars	**12,817**	12,238	**1,934**	3,241	**31,103**	16,929	**34,757**	30,185
Japanese Yen	**8,331**	8,079	**135**	110	**–**	–	**–**	33
Euro	**4,891**	1,388	**1,666**	1,407	**–**	–	**–**	–

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.

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)]	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
United States dollars impact	**(1,960)**	(763)	**3,504**	2,674
Chinese Renminbi impact	**1,571**	1,376	**(529)**	(424)
Hong Kong dollars impact	**544**	450	**(183)**	(663)
Japanese Yen impact	**410**	398	**–**	(2)
Euro impact	**161**	(1)	**–**	–

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.

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

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

(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 2011 would decrease/increase by S$1,018,000 (2010 : decrease/increase by S$1,017,000). 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 2011 would decrease/increase by S$481,000 (2010 : decrease/increase by S$611,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(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 2011 would increase/decrease by S$36,000 (2010 : S$249,000); and

- the Group's fair value reserves would increase/decrease by S$134,000 (2010 : increase/decrease by S$Nil).

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

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

(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.

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

	The Group		The Company	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
By geographical areas				
Asia	**75,796**	76,226	**23,223**	16,395
North and South America	**14,948**	20,432	**–**	–
Europe and others	**41,033**	43,625	**–**	–
	131,777	140,283	**23,223**	16,395

(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.

Its major shareholder 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.

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	Within 2 to 5 years	Adjustment	Total
	%	S$'000	S$'000	S$'000	S$'000
The Group					
2011					
Non-interest bearing	–	152,504	–	–	152,504
Finance lease liability (fixed rate)	6.69	127	80	(21)	186
Variable interest rate instruments	3.76	181,556	29,488	(7,395)	203,649
		334,187	29,568	(7,416)	356,339
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
The Company					
2011					
Non-interest bearing	–	108,273	–	–	108,273
Finance lease liability (fixed rate)	4.34	41	80	(18)	103
Variable interest rate instruments	3.30	69,791	29,488	(3,086)	96,193
		178,105	29,568	(3,104)	204,569
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

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 assets on the statement of financial position.

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)

	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					
2011					
Non-interest bearing	233,979	–	4,673	–	238,652
2010					
Non-interest bearing	244,782	–	3,346	–	248,128
The Company					
2011					
Non-interest bearing	77,391	–	–	–	77,391
2010					
Non-interest bearing	76,926	–	–	–	76,926

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.

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

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

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

The 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).

Financial instruments measured at fair value

	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000
The Group				
2011				
Financial assets				
Derivative financial instruments	16	–	16	–
Available–for–sale investments	3,489	815	–	2,674
	3,505	815	16	2,674
Financial liabilties				
Derivative financial instruments	188	–	188	–
2010				
Financial assets				
Available–for–sale investments	2,080	–	–	2,080
The Company				
2011				
Financial liabilities				
Derivative financial instruments	23	–	23	–

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
2011	
Opening balance	2,080
Total gains in other comprehensive income	892
Total losses in profit or loss	(94)
Currency realignment	(204)
Closing balance	2,674

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

(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 and 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 2010. 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 2011 and 2010.

4 REVENUE

	The Group	
	2011	2010
	S$'000	S$'000
Sales of products	**831,670**	799,366

5 OTHER OPERATING INCOME

	The Group	
	2011	2010
	S$'000	S$'000
Dividend income from available-for-sale investment in:		
Quoted securities	**–**	89
Unquoted securities	**428**	–
Fair value gain on investment properties (Note 12)	**–**	63
Foreign exchange gain, net	**–**	8,414
Gain on dilution/restructuring of an associate	**–**	896
Gain on disposal of available-for-sale investments	**–**	1,927
Gain on disposal of equity interests in subsidiaries	**–**	37
Gain on disposal of equity interests in an associate	**92**	1,311
Gain on remeasurement to fair value of previously held equity interests at acquisition date	**324**	–
Government grant	**1,548**	2,630
Interest income	**307**	857
Others	**1,899**	1,818
Rental income	**927**	1,002
Technical fee income	**3,306**	2,908
	8,831	21,952

6 FINANCE COSTS

	The Group	
	2011 S$'000	2010 S$'000
Interest expense on:		
Bank loans and overdrafts	**8,393**	9,407
Finance leases	**16**	40
	8,409	9,447
Unrealised fair value loss on forward foreign exchange contract	**28**	85
Unrealised fair value loss on commodity-linked interest rate swap	**160**	–
	8,597	9,532

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	
	2011 S$'000	2010 S$'000
Allowance for doubtful debts (non-trade) (a)	**–**	551
Allowance for doubtful debts (trade) (c)	**(1,358)**	3,342
Allowance for stock obsolescence	**1,586**	4,353
Audit fees:		
Auditors of the Company	**309**	320
Other auditors	**837**	881
Non-audit fees:		
Auditors of the Company	**21**	52
Other auditors	**114**	88
Cost of inventories recognised as expense	**655,195**	610,516
Foreign exchange loss, net (a)	**501**	–
Goodwill written off (a)	**286**	–
Impairment loss on available-for-sale investments (a)	**428**	1,378
Impairment loss on property, plant and equipment (a)	**2,679**	4,143
Loss on disposal of property, plant and equipment, net (a)	**208**	893
Operating lease expense	**5,847**	6,536
Property, plant and equipment written off (a)	**264**	1,207
Unrealised fair value gain on commodity contracts (a)	**(16)**	–
Realised gain on commodity contracts (b)	**(10)**	(1,049)

(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	
	2011	2010
	S$'000	S$'000
Directors' remuneration:		
Fees	**140**	140
Emoluments		
of the Company	**1,912**	740
of the subsidiaries	**998**	2,141
Salaries and wages	**112,999**	105,210
Defined contribution plans	**4,818**	3,889
	120,867	112,120

9 INCOME TAX

	The Group	
	2011	2010
	S$'000	S$'000
Current income tax:		
Provision for current year	**9,322**	10,920
(Over) Under provision in respect of prior years	**(1,913)**	742
Withholding tax on overseas income	**1,598**	574
	9,007	12,236
Deferred income tax:		
(Credit) Charge for current year	**(1,262)**	1,014
Overprovision in respect of prior years	**(194)**	(583)
	(1,456)	431
	7,551	12,667

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2010 : 17%) to profit before income tax as a result of the following differences:

	The Group	
	2011	2010
	S$'000	S$'000
Profit before income tax	**31,126**	55,079
Income tax at statutory rate	**5,291**	9,363
Add/(Less):		
Tax effect of share of results of associates	**(1,043)**	(2,102)
Effect of different tax rates of overseas operations	**845**	(1,037)
Effect of change in tax rates	**(5)**	(6)
Income not subject to tax	**(188)**	(795)
Utilisation of previously unrecognised deferred tax benefits	**(1,828)**	(2,684)
(Over) Under provision in prior years	**(2,107)**	159
Non-allowable items	**2,141**	2,772
Unrecognised deferred tax benefits	**2,847**	6,423
Withholding tax on overseas income	**1,598**	574
Income tax at effective tax rate	**7,551**	12,667

10 DIVIDENDS

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

	The Group and the Company	
	2011	2010
	S$'000	S$'000
2009 final tax-exempt (1-tier) dividend of 1.5 Singapore cents ("S cents") per share	–	1,645
2010 interim tax-exempt (1-tier) dividend of 2.0 S cents per share	–	2,194
2010 final tax-exempt (1-tier) dividend of 8.0 S cents per share	**8,776**	–
2011 interim tax-exempt (1-tier) dividend of 2.0 S cents per share	**2,197**	–
	10,973	3,839

b) Proposed dividends at 31 March are as follows:

	2011	2010
Final tax-exempt (1-tier) dividend of 3.0 S cents (2010: 8.0 S cents) per share	**3,296**	8,776

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	
	2011	2010
	S$'000	S$'000
Profit attributable to equity holders of the Company	**19,198**	37,099

b) Number of shares

	The Group	
	2011	2010
Weighted average number of ordinary shares used in calculating basic earnings per share	**109,781,974**	109,687,275
Effect of dilutive potential ordinary shares:		
Share options	**193,387**	–[1]
	109,975,361	109,687,275

[1] No dilutive effects as the share options are out-of-money.

12 INVESTMENT PROPERTIES

	The Group	
	2011	2010
	S$'000	S$'000
At 1 April	**1,263**	1,309
Currency realignment	**(130)**	(109)
Fair value gain	**–**	63
At 31 March	**1,133**	1,263

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$175,000 (2010 : S$179,000). Direct operating expenses arising from the investment property in the year amounted to S$8,800 (2010 : S$9,000).

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

	Note	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 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
Adjustments on finalisation of purchase price allocation report	34	–	229	746	–	485	1,460
At 31 March 2010, restated		30,206	119,039	398,467	10,025	46,423	604,160
Currency realignment		(1,584)	(8,642)	(18,751)	(717)	(3,659)	(33,353)
On acquisition of subsidiaries		–	5,985	7,573	170	332	14,060
Transfer		–	2,515	3,490	(6,005)	–	–
Transfer from deposits		–	–	–	–	1,245	1,245
Additions		–	1,029	1,666	13,831	6,178	22,704
Disposals and write-offs		–	(439)	(5,463)	(108)	(2,567)	(8,577)
At 31 March 2011		28,622	119,487	386,982	17,196	47,952	600,239
Represented by:							
At 31 March 2011							
Cost		21,424	119,487	386,982	17,196	47,952	593,041
Valuation		7,198	–	–	–	–	7,198
Total		28,622	119,487	386,982	17,196	47,952	600,239
At 31 March 2010							
Cost		22,792	119,039	398,467	10,025	46,423	596,746
Valuation		7,414	–	–	–	–	7,414
Total		30,206	119,039	398,467	10,025	46,423	604,160

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Note	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group							
Accumulated depreciation:							
At 1 April 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 subsidiaries		(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
Currency realignment		(311)	(2,213)	(11,870)	–	(2,594)	(16,988)
Depreciation		631	2,326	18,144	–	3,535	24,636
Disposals and write-offs		–	(388)	(4,838)	–	(2,335)	(7,561)
At 31 March 2011		6,872	25,775	269,321	–	31,432	333,400
Impairment loss:							
At 1 April 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
Currency realignment		–	(524)	(670)	–	–	(1,194)
Charge for the year		–	–	2,679	–	–	2,679
Disposal		–	–	(235)	–	–	(235)
At 31 March 2011		–	4,956	17,979	–	–	22,935
Carrying amount:							
At 31 March 2011		21,750	88,756	99,682	17,196	16,520	243,904
At 31 March 2010		23,654	87,509	114,377	10,025	13,597	249,162

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 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
Currency realignment	–	(22)	(22)
Additions	7	2,146	2,153
Transfer from deposits	–	1,245	1,245
Disposals and write-offs	(17)	(223)	(240)
At 31 March 2011	678	4,310	4,988
Accumulated depreciation:			
At 1 April 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
Currency realignment	–	(35)	(35)
Depreciation	30	551	581
Disposals and write-offs	(17)	–	(17)
At 31 March 2011	525	1,378	1,903
Carrying amount:			
At 31 March 2011	153	2,932	3,085
At 31 March 2010	176	302	478

The carrying amount of property, plant and equipment includes an amount of S$253,000 (2010 : S$303,000) for the Group and S$101,000 (2010 : S$Nil) for the Company in respect of certain equipment and motor vehicles held under finance leases (Note 24).

The freehold land and buildings of the Group amounting to S$7,198,000 (2010 : S$7,414,000) 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 a 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 (2010 : 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$20,970,000 (2010 : S$22,858,000).

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$2,679,000 (2010 : S$4,143,000) 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

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Location	Description	Tenure
China (cont'd)		
99, Dahetou Road Duantang, Ningbo, China	Four factory buildings and office building 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 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 2011 S$'000	The Company 2010 S$'000
Unquoted equity shares, at cost	**204,092**	196,247
Less: Impairment loss	**(79,176)**	(76,556)
	124,916	119,691
Amounts due from subsidiaries (non-trade)	**240,088**	248,241
Financial guarantee contracts to subsidiaries	**1,673**	1,505
Total interest in subsidiaries	**366,677**	369,437

Included in the amounts due from subsidiaries is an amount of S$239,458,000 (2010 : S$245,443,000) which is interest free and forms part of the Company's net investment in the subsidiaries. The remaining amount due from subsidiaries of S$630,000 (2010 : S$2,798,000) is interest bearing at interest rates ranging from 3% to 5% per annum (2010 : 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$2,620,000 (2010 : S$15,400,000) in the 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	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Cost of investment	**50,671**	54,940	**16,382**	11,453
Loan to associate	**1,333**	1,333	**–**	–
Financial guarantee contracts to associates	**–**	–	**16**	137
Share of post-acquisition reserves, net of dividends received	**17,922**	28,794	**–**	–
	69,926	85,067	**16,398**	11,590

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

	The Group 2011 S$'000	The Group 2010 S$'000
Total assets	**311,759**	432,026
Total liabilities	**(164,314)**	(237,650)
Net assets	**147,445**	194,376
Group's share of associates' net assets	**61,612**	75,808
Revenue	**671,988**	733,496
Profit for the year	**18,619**	30,633

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

16 AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2011	2010
	S$'000	S$'000
Equity shares:		
Quoted, at fair value	**815**	–
Unquoted, at fair value	**2,674**	2,080
Unquoted, at cost	**1,184**	1,266
Total available-for-sale investments	**4,673**	3,346

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. Certain investments in unquoted shares are carried at cost as the management are of the opinion that their fair values cannot be measured reliably.

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

	The Group	
	2011	2010
	S$'000	S$'000
Danish Kronor	**815**	–
Swedish Kronor	**1,137**	1,266
New Taiwan dollars	**2,674**	2,080
Renminbi	**47**	–

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 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
Currency realignment	(4,126)	(939)	(181)	(5,246)
At 31 March 2011	36,723	8,367	1,630	46,720
Accumulated amortisation:				
At 1 April 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
Currency realignment	(3,836)	(939)	(83)	(4,858)
Amortisation for the year *	2,806	–	345	3,151
At 31 March 2011	35,415	8,367	896	44,678
Total intangible assets:				
At 31 March 2011	1,308	–	734	2,042
At 31 March 2010	4,404	–	1,177	5,581

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

18 GOODWILL ON CONSOLIDATION

	The Group	
	2011 S$'000	2010 S$'000
Cost:		
At 1 April	**19,835**	20,453
Currency realignment	**(2,011)**	(1,650)
Arising from acquisition of subsidiaries	**517**	1,263
Write off to profit and loss on disposal	**(286)**	(231)
At 31 March	**18,055**	19,835
Carrying amount:		
At 31 March	**18,055**	19,835

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

18 GOODWILL ON CONSOLIDATION (cont'd)

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	
	2011	2010
	S$'000	S$'000
Zhongyin (Ningbo) Battery Co. Ltd	**5,394**	6,007
Gold Peak Industries (Taiwan) Limited	**3,507**	3,906
GP Batteries (U.K.) Limited	**1,088**	1,212
Eastern Europe marketing and distribution network	**5,288**	5,889
GP Batteries (China) Limited	**1,148**	1,278
Vectrix Sp.z.o.o.	**1,124**	1,251
Others	**506**	292
	18,055	19,835

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% (2010 : 2% to 20%).

The rate used to discount the forecast cash flow ranges from approximately 12% to 16% (2010 : 11% 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	
	2011	2010
	S$'000	S$'000 (Restated)
Raw materials		
At cost	**27,413**	24,458
At net realisable value	**364**	550
Work in progress		
At cost	**22,701**	30,807
At net realisable value	**72**	137
Finished goods		
At cost	**53,960**	67,930
At net realisable value	**1,148**	6,628
	105,658	130,510

19 STOCKS (cont'd)

The cost of inventories recognised as an expense includes S$1,757,000 (2010 : S$4,566,000) in respect of write-downs of inventory to net realisable value, and has been reduced by S$171,000 (2010 : S$213,000) 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

	Note	The Group 2011 S$'000	The Group 2010 S$'000	The Company 2011 S$'000	The Company 2010 S$'000
Trade					
Outside parties		**132,804**	141,398	**–**	–
Less: Allowances for doubtful debts		**(10,393)**	(13,639)	**–**	–
		122,411	127,759	**–**	–
Amounts due from:					
Associates	15, 31	**9,331**	12,472	**–**	–
Subsidiaries	14, 30	**–**	–	**23,223**	16,395
Related parties	32	**35**	52	**–**	–
		9,366	12,524	**23,223**	16,395
		131,777	140,283	**23,223**	16,395
Non-trade					
Outside parties		**19,319**	20,849	**237**	461
Amounts due from:					
Associates	15, 31	**6,731**	5,740	**726**	543
Subsidiaries	14, 30	**–**	–	**60,471**	60,863
Related parties	32	**15**	5	**112**	115
		26,065	26,594	**61,546**	61,982
Less: Allowance for doubtful debts		**(971)**	(1,082)	**(9,328)**	(5,752)
		25,094	25,512	**52,218**	56,230
Total		**156,871**	165,795	**75,441**	72,625

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 (2010 : 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 consider 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$41,423,000 (2010 : S$48,751,000) 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 (2010 : 2 months). Included in allowance for doubtful debts were specific provisions against trade debtors and non-trade debtors of S$145,000 and S$971,000 respectively (2010 : S$2,792,000 and S$1,082,000 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.

20 DEBTORS (cont'd)

Movements in the allowance for doubtful debts (trade):

	The Group	
	2011 S$'000	2010 S$'000
Balance at 1 April	**13,639**	11,752
Currency realignment	**(1,774)**	40
(Write back) charge for the year	**(1,358)**	3,342
Amount written off for the year	**(114)**	(591)
On disposal of a subsidiary	**–**	(904)
Balance at 31 March	**10,393**	13,639

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

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance at 1 April	**1,082**	4,450	**5,752**	1,737
Currency realignment	**(111)**	(371)	**(14)**	–
Charge for the year	**–**	551	**3,590**	4,015
Amount utilised	**–**	(3,548)	**–**	–
	971	1,082	**9,328**	5,752

21 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group		The Company	
	Assets S$'000	Liabilities S$'000	Assets S$'000	Liabilities S$'000
Commodity forward contracts	16	–	–	–
Commodity-linked interest rate swaps	–	(160)	–	–
Forward foreign exchange contracts	–	(28)	–	(23)
	16	(188)	–	(23)

There were no derivative financial instruments as at 31 March 2010. The Group's and the Company's derivative financial instruments for 2011 are due within 1 year.

Commodity forward contracts and commodity-linked interest rate swaps

The Group uses commodity forward contracts and commodity-linked interest rate swaps to manage the risk arising from price fluctuation of its raw material.

The notional amounts of commodity forward contracts are approximately S$9,300,000 and have maturity dates ranging from April 2011 to September 2011. The Group did not adopt hedge accounting in respect of these commodity contracts. The fair values of these commodity contracts are estimated at a gain of S$16,000. The fair values are determined by reference to the forward price of related metals quoted from London Metal Exchange as at the end of the reporting period.

The notional amounts of swaps are approximately S$2,024,000 with fixed interest receipts until February 2012 at 2% per annum over Hong Kong Interbank Offered Rate. The fair values of swap is estimated at a loss of S$160,000.

21 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Forward foreign exchange contracts

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is a party to a variety of forward foreign exchange contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

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

	The Group S$'000	The Company S$'000
Sell Euro buy United States dollars at average rate of 1.4 (less than 3 months)	2,685	2,685
Sell Renminbi buy United States dollars at average rate of 6.5 (less than 7 months)	10,869	–

The fair value of currency derivatives is estimated at a loss of S$28,000. The fair values are measured based on estimated valuation derived from market quotations.

22 DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Deposits	**1,491**	2,618	**197**	1,314
Prepayments	**10,908**	8,646	**662**	412
	12,399	11,264	**859**	1,726
Presented in the statements of financial position as:				
Non-current assets	**–**	1,245	**–**	1,245
Current assets	**12,399**	10,019	**859**	481
	12,399	11,264	**859**	1,726

23 CREDITORS AND ACCRUED CHARGES

	Note	The Group 2011 S$'000	The Group 2010 S$'000	The Company 2011 S$'000	The Company 2010 S$'000
Trade					
Outside parties		**111,957**	128,220	**–**	–
Amounts due to:					
Associates	15, 31	**21,812**	30,017	**–**	–
Related parties	32	**209**	272	**–**	–
Interest payable		**523**	1,025	**415**	1,023
Accrued charges		**17,515**	19,843	**1,178**	1,362
		152,016	179,377	**1,593**	2,385
Non-trade					
Amounts due to:					
Subsidiaries	14, 30	**–**	–	**106,602**	74,678
Associates	15, 31	**35**	258	**–**	–
Related parties	32	**453**	635	**78**	180
		488	893	**106,680**	74,858
Total		**152,504**	180,270	**108,273**	77,243

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 (2010 : 60 to 90 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 2011 S$'000	Total minimum lease payments 2010 S$'000	Present value of payments 2011 S$'000	Present value of payments 2010 S$'000
The Group				
Within 1 year	**127**	238	**119**	200
Within 2 to 5 years	**80**	87	**67**	84
	207	325	**186**	284
Less: Future finance charges	**(21)**	(41)		
Present value of lease obligations	**186**	284		
Less: Amounts due within 1 year	**(119)**	(200)		
Amounts due within 2 to 5 years	**67**	84		

24 OBLIGATIONS UNDER FINANCE LEASES (cont'd)

	Total minimum lease payments		Present value of payments	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
The Company				
Within 1 year	**41**	–	**36**	–
Within 2 to 5 years	**80**	–	**67**	–
	121	–	**103**	–
Less: Future finance charges	**(18)**	–		
Present value of lease obligations	**103**	–		
Less: Amounts due within 1 year	**(36)**	–		
Amounts due within 2 to 5 years	**67**	–		

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	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Unsecured:				
Bank loans	**182,165**	192,773	**96,193**	122,106
Bank overdrafts	**1,137**	2,999	**–**	–
Import and export loans	**20,347**	7,669	**–**	–
	203,649	203,441	**96,193**	122,106
Carrying amount:				
Repayable within 12 months and/or contain a repayment on demand clause	**168,284**	150,436	**65,483**	75,497
Not repayable within 12 months but contain a repayment on demand clause	**6,338**	–	**1,683**	–
Under current liabilities	**174,622**	150,436	**67,166**	75,497
Repayable after 12 months under non-current liabilities	**29,027**	53,005	**29,027**	46,609
	203,649	203,441	**96,193**	122,106

The effective interest rates for the above are set out in Note 3 to the financial statements. Bank loans of the Company amounting to S$56,650,000 (2010: S$71,667,000) are secured by corporate guarantees granted by certain subsidiaries.

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 2009	2,749	1,236	(1,772)	408	614	3,235
Currency realignment	(21)	(80)	112	(27)	(109)	(125)
Charge (Credit) 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
Currency realignment	(140)	(6)	–	(4)	(110)	(260)
On acquisition of subsidiaries	–	–	–	–	126	126
(Credit) Charge to profit and loss	(99)	–	–	(74)	(634)	(807)
At 31 March 2011	2,532	58	–	–	803	3,393
Deferred tax assets						
At 1 April 2009	–	–	(448)	(134)	(2,109)	(2,691)
Currency realignment	–	–	31	(13)	168	186
On disposal of a subsidiary	–	–	–	–	188	188
(Credit) Charge to profit and loss	–	–	(56)	91	(828)	(793)
At 31 March 2010	–	–	(473)	(56)	(2,581)	(3,110)
Currency realignment	42	–	53	(29)	156	222
(Credit) Charge to profit and loss	(754)	–	(293)	85	313	(649)
At 31 March 2011	(712)	–	(713)	–	(2,112)	(3,537)

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

	The Group 2011 S$'000	The Group 2010 S$'000
Unutilised tax losses	**103,420**	118,348
Difference in accounting and tax depreciation	**(528)**	(1,035)
Others	**(74)**	(82)
	102,818	117,231

The use and expiry of these temporary differences are 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			
	2011	2010	2011	2010
	Number of ordinary shares		S$'000	S$'000
Issued and paid-up:				
At 1 April	**109,690,168**	109,687,168	**230,975**	230,971
Exercise of share options	**181,000**	3,000	**282**	4
At 31 March	**109,871,168**	109,690,168	**231,257**	230,975

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			
	2011		2010	
	Number of share options '000	Weighted average exercise price S$	Number of share options '000	Weighted average exercise price S$
At 1 April	**3,216**	**2.08**	3,594	2.01
Exercised during the year	**(181)**	**1.56**	(3)	1.25
Lapsed during the year	**(357)**	**1.60**	(375)	1.41
At 31 March	**2,678**	**2.18**	3,216	2.08
Exercisable at 31 March	**2,678**		3,216	

The weighted average share price at the date of exercise for share options exercised during the year was S$1.97 (2010 : S$1.60). The options outstanding at the end of the year have a weighted remaining contractual life of 1.99 years (2010 : 2.37 years).

The estimated fair values of the options granted on 25 June 2003 are 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	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Within 1 year	**4,874**	4,098	**517**	72
After 1 year and within 5 years	**9,884**	7,653	**96**	–
After 5 years	**4,893**	4,926	**72**	–
	19,651	16,677	**685**	72

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	
	2011	2010
	S$'000	S$'000
Within 1 year	**730**	912
After 1 year and within 5 years	**1,401**	1,309
	2,131	2,221

b) Capital expenditure commitments

	The Group	
	2011	2010
	S$'000	S$'000
Capital expenditure contracted but not provided for	**139**	993
Capital expenditure authorised but not contracted for	**1,742**	1,155
	1,881	2,148

c) Trust fund

On 5 August 2005, the Company established a "GP Batteries Industrial Safety Trust Fund" of HK$10 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 2011, the Company has undertaken to provide financial support to some of its subsidiaries.

29 CONTINGENT LIABILITIES - UNSECURED

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Guarantees given in respect of banking and other facilities granted to:				
Subsidiaries (Notes 14 and 30)	**–**	–	**167,302**	150,541
Associates (Notes 15 and 31)	**1,619**	13,696	**1,619**	13,696
Others	**59**	22	**39**	–
	1,678	13,718	**168,960**	164,237

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 2011 %	2010 %	Principal activities
Advanced Battery Technology Limited (4) #	British Virgin Islands	**80**	80	Intellectual property
Aim High Group Ltd #	British Virgin Islands	**–** (7)	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 (5) #	United States of America	**100 [Note 34]**	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

30 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2011 %	2010 %	Principal activities
GP Batteries (Dongguan) Co Ltd (4) #	PRC	**100**	100	Manufacturing of batteries
GP Batteries Europe B.V. (5) #	Netherlands	**80**	80	Marketing and trading in batteries
GP Batteries (Malaysia) Sdn Bhd (3)	Malaysia	**100**	100	Manufacturing of batteries
GP Batteries (U.K.) Limited (5) #	United Kingdom	**100**	100	Marketing and trading in batteries
GP Battery Marketing (H.K.) Limited (3) #	Hong Kong	**100**	100	Marketing and trading in batteries
GP Battery Marketing Inc (5) #	Canada	**75**	75	Marketing and trading in batteries
GP Battery Marketing (Korea) Limited (5) #	South Korea	**90 [Note 34]**	–	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. (5) #	Poland	**100**	100	Marketing and trading in batteries
GP Battery Technology (HK) Limited (3)	Hong Kong	**100**	100	Investment holding
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

30 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group 2011 %	2010 %	Principal activities
Ningbo Fubang Battery Co Ltd (6)	PRC	**75 [Note 34]**	–	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
Sylva Industries (China) Limited (3) #	Hong Kong	**100**	100	Investment holding
Sylva Industries Limited (3)	Hong Kong	**100**	100	Manufacturing of batteries
Vectrix International Limited (3) #	Hong Kong	**100**	100	Trading of electric motorcycles
Vectrix Sp.z.o.o (5) #	Poland	**100**	100	Manufacturing of electric motorcycles
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

(7) Deregistered during the year

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 2011 %	2010 %	Principal activities
AZ Limited (5) #	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
GP Battery Marketing (Germany) GmbH (2) #	Germany	**50**	50	Marketing and trading in batteries
GP Battery Marketing (Korea) Limited (2) #	South Korea	**– [Note 34]**	50	Marketing and trading in batteries
GP Battery Marketing (Thailand) Co Ltd (1) #	Thailand	**49**	49	Marketing and trading in batteries
Hanoi Battery Joint Stock Company (2)	Vietnam	**30**	–	Manufacturing of batteries
Ningbo Fubang Battery Co Ltd (4) #	PRC	**– [Note 34]**	30	Manufacturing of batteries
STL Technology Co., Ltd (1) #	Taiwan	**34.46**	34.46	Manufacturing of battery packs and products
STL Technology (SIP) Co., Ltd (1) *	PRC	**34.46**	34.46	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

(5) Audited by The "Finances" Group 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	
	2011 S$'000	2010 S$'000
Entities owned or controlled directly or indirectly by Gold Peak Industries (Holdings) Limited		
Sales	**(23)**	(41)
Other services received	**(111)**	(54)
Purchases	**2,182**	1,662
Rental and other services paid	**1,560**	1,599
Associates		
Sales	**(31,174)**	(30,612)
Purchases	**92,949**	124,035
Technical fee income	**(90)**	(844)

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

	The Group	
	2011 S$'000	2010 S$'000
Short-term benefits	**3,050**	3,021

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 management 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.

33 SEGMENT INFORMATION (cont'd)

Geographical information

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

	Revenue from external customers		Non-current assets	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000 (Restated)
Asia				
PRC (including Hong Kong)	**349,532**	338,041	**218,627**	232,827
Other parts of Asia	**135,406**	126,621	**87,231**	95,381
	484,938	464,662	**305,858**	328,208
North and South America	**124,479**	109,516	**9,829**	13,194
Europe and others	**222,253**	225,188	**24,046**	24,097
	831,670	799,366	**339,733**	365,499

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	
	2011 %	2010 %
Revenue by products		
Rechargeable	**32.9**	32.6
Primary cylindrical	**46.9**	46.5
Primary specialty	**15.0**	14.7
Others	**5.2**	6.2
	100.0	100.0

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

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Acquisition of subsidiaries

(a) During the financial year ended 31 March 2011:

(i) the Group had entered into agreements for the Company and its subsidiary, Zhongyin (Ningbo) Battery Co., Ltd ("ZYNB") to acquire a 30% and a 20% equity interest respectively in Ningbo Fubang Battery Co., Ltd ("Fubang") for a total consideration of S$5,090,000. The Company's effective interest in Fubang increased from 30% to 75%. This comprised a direct interest of 30% and an increase of its deemed interest through ZYNB from 40% to 60%. Fubang ceased to be an associated company and became a subsidiary of the Group.

Fubang contributed S$5,055,000 revenue and S$983,000 to the Group's profit for the year for the period between the date of acquisition and the end of the reporting period.

Had the business combination been effected on 1 April 2010, the revenue and profit for the year of the Group would have been S$849,498,000 and S$28,659,000.

(ii) the Group acquired an additional 40% interest in GP Battery Marketing (Korea) Limited ("GPBM Korea") for a consideration of approximately S$166,000, resulting in the entity becoming a 90% owned subsidiary of the Group.

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 2011 had the acquisition been completed on 1 April 2010.

(iii) the Company entered into an agreement with Gold Peak Industries (Taiwan) Limited ("GPITL") to acquire a 100% shareholding interest ("Acquisition") in Gold Peak Industries (North America) Inc ("GPINA") at a consideration of S$1,301,000. Prior to the Acquisition, the Company has an 80% interest in GPINA through GPITL, a subsidiary in which the Company has an 80% direct interest. Pursuant to the Acquisition, the Company ceased to hold GPINA through GPITL and its interest in GPINA increased from an 80% indirect interest through GPITL to a 100% direct interest.

(b) During the financial year ended 31 March 2010, the Group entered into an agreement to acquire the business of Vectrix Corporation ("Vectrix"). The total cost 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 had engaged an independent valuer to perform the purchase price allocation exercise ("PPA"). 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.

Adjustments to initial accounting for business combinations

In 2011, the PPA exercise was completed and the following comparative information as at 31 March 2010 has been adjusted retrospectively as a result of the above completed PPA exercise.

	31 March 2010 as restated S$'000	31 March 2010 as previously stated S$'000
Property, plant and equipment	249,162	247,702
Stocks	130,510	131,970

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

(c) Consideration transferred (at acquisition date fair values)

2011

	Fubang S$'000	GPBM Korea S$'000	Total S$'000
Cash	**5,090**	**166**	**5,256**

2010

	Vectrix S$'000
Cash	4,159
Assumed liabilites	2,102
Total	6,261

(d) Assets acquired and liabilities assumed at the date of acquisition

2011

	Fubang S$'000	GPBM Korea S$'000	Total S$'000
Property, plant and equipment	**14,059**	**1**	**14,060**
Bank balances and cash	**1,645**	**290**	**1,935**
Debtors, deposits and prepayments	**5,392**	**135**	**5,527**
Stocks	**7,747**	**–**	**7,747**
Creditors and accrued charges	**(10,789)**	**(34)**	**(10,823)**
Bank loans	**(7,793)**	**–**	**(7,793)**
Income tax (payable) recoverable	**(624)**	**2**	**(622)**
Deferred tax liabilities	**(126)**	**–**	**(126)**
Net assets acquired	**9,511**	**394**	**9,905**

2010

	Vectrix S$'000 (Restated)
Property, plant and equipment	2,942
Bank balances and cash	2,172
Debtors, deposits and prepayments	842
Stocks	2,406
Creditors and accrued charges	(3,330)
Obligation under finance leases	(34)
Net assets acquired	4,998

(e) Non-controlling interests

The non-controlling interests in Fubang (25%) and GPBM Korea (10%) recognised at the acquisition date was measured at their proportionate share of the fair value of the identifiable net assets and amounted to S$952,000 and S$39,000 respectively.

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

(f) Goodwill arising from acquisition

2011

	Fubang S$'000	GPBM Korea S$'000	Total S$'000
Consideration transferred	5,090	166	5,256
Non-controlling interests	952	39	991
Interests in subsidiaries previously accounted for as associates	3,978	197	4,175
Less: fair value of identifiable net assets acquired	(9,511)	(394)	(9,905)
	509	8	517

2010

	Vectrix S$'000
Consideration transferred	6,261
Less: fair value of identifiable net assets acquired	(4,998)
	1,263

(g) Net cash outflow on acquisition of subsidiaries

2011

	Fubang S$'000	GPBM Korea S$'000	Total S$'000
Consideration paid in cash	5,090	166	5,256
Less: cash and cash equivalents acquired	(1,645)	(290)	(1,935)
	3,445	(124)	3,321

2010

	Vectrix S$'000
Consideration paid in cash	4,159
Less: cash and cash equivalents acquired	(2,172)
	1,987

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (cont'd)

Disposal of subsidiaries

During the financial year ended 31 March 2010, 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 dispose 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). Details of the disposal are as follows:

Book values of net assets over which control was lost

	2010 S$'000
Property, plant and equipment	851
Deferred tax assets	188
Bank balances and cash	19
Debtors, deposits and prepayments	4,583
Stocks	1,169
Creditors and accrued charges	(4,652)
Tax payable	(45)
Obligation under finance leases	(377)
Bank overdrafts	(1,637)
Non-controlling interests	(236)
Attributable goodwill	231
Net assets derecognised	94
Consideration received:	
Cash	131
Gain on disposal:	
Consideration received	131
Net assets derecognised	(94)
Gain on disposal	37
Net cash inflow on disposal:	
Consideration received	131
Cash and cash equivalents disposed of	1,618
	1,749

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.

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

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.

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 is 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.

(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.

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

Key sources of estimation uncertainty (cont'd)

(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$2,620,000 (2010 : S$15,400,000) 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 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the statement of financial position, consolidated income statement and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation. The items were reclassified as follows:

a) *Adjustments to initial accounting for business combinations (Note 34b)*

	31 March 2010 as restated S$'000	31 March 2010 as previously stated S$'000
The Group		
Statement of financial position		
Property, plant and equipment	249,162	247,702
Stocks	130,510	131,970

These restatements have no impact on the corresponding amount as at 1 April 2009.

b) *Others*

	31 March 2010 as reclassified S$'000	31 March 2010 as previously stated S$'000
The Group		
Consolidated income statement		
Cost of sales	610,516	612,636
Distribution expenses	69,022	58,644
Administrative expenses	80,309	88,567

37 SUBSEQUENT EVENT

Subsequent to the financial year end, the Group entered into a subscription agreement to subscribe for 1,534,422 new shares in Danionics A/S ("Danionics") for a consideration of S$1,029,000. Danionics is a corporation incorporated in Denmark and its shares are listed on NASDAQ OMX Copenhagen A/S. Pursuant to the subscription, the Group's interest in Danionics will increase from 9.08% to 17.34%.