Consolidated Income Statement

Year ended 31 March 2012

	Note	The Group 2012 S$'000	The Group 2011 S$'000 (Restated)
Revenue	4	**774,524**	831,670
Cost of sales		**(615,739)**	(655,349)
Gross profit		**158,785**	176,321
Other operating income	5	**24,264**	8,815
Distribution expenses		**(55,807)**	(60,637)
Administrative expenses		**(81,202)**	(85,125)
Other operating expenses		**(17,314)**	(5,985)
Finance costs	6	**(8,260)**	(8,399)
Profit before share of results of associates		**20,466**	24,990
Share of results of associates		**(1,692)**	6,136
Profit before income tax	7	**18,774**	31,126
Income tax	9	**(7,500)**	(7,551)
Profit for the year		**11,274**	23,575
Profit attributable to:			
Equity holders of the Company		**6,512**	19,198
Non-controlling interests		**4,762**	4,377
		11,274	23,575
Earnings per share (cents):			
- Basic	11	**5.93**	17.49
- Diluted	11	**5.93**	17.46

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2012

	The Group	
	2012	2011
	S$'000	S$'000
Profit for the year	**11,274**	23,575
Other comprehensive income (loss):		
Translation differences arising from consolidation of foreign operations	**2,791**	(34,970)
Translation differences reclassified to profit or loss on disposal of subsidiaries	**377**	–
Available-for-sale financial assets		
- Fair value (loss) gain arising during the year	**(278)**	892
Other comprehensive income (loss) for the year, net of tax	**2,890**	(34,078)
Total comprehensive income (loss) for the year	**14,164**	(10,503)
Total comprehensive income (loss) attributable to:		
Equity holders of the Company	**8,101**	(11,062)
Non-controlling interests	**6,063**	559
	14,164	(10,503)

See accompanying notes to financial statements.

Statements of Financial Position

31 March 2012

	Note	The Group 2012 S$'000	The Group 2011 S$'000	The Company 2012 S$'000	The Company 2011 S$'000
Non-current assets					
Investment property	12	**1,135**	1,133	**–**	–
Property, plant and equipment	13	**241,452**	243,904	**2,577**	3,085
Interest in subsidiaries	14	**–**	–	**369,088**	366,677
Interest in associates	15	**72,391**	69,926	**16,398**	16,398
Available-for-sale investments	16	**4,244**	4,673	**–**	–
Deferred tax assets	26	**3,785**	3,537	**–**	–
Intangible assets	17	**407**	2,042	**–**	–
Goodwill on consolidation	18	**16,944**	18,055	**–**	–
Deposits and prepayments	22	**656**	–	**262**	–
Total non-current assets		**341,014**	343,270	**388,325**	386,160
Current assets					
Stocks	19	**106,737**	105,658	**–**	–
Debtors	20	**189,365**	156,871	**96,245**	75,441
Derivative financial instruments	21	**–**	16	**–**	–
Tax recoverable		**1,724**	627	**–**	–
Deposits and prepayments	22	**9,079**	12,399	**601**	859
Bank balances and cash		**76,013**	75,617	**1,704**	1,753
Total current assets		**382,918**	351,188	**98,550**	78,053
Current liabilities					
Creditors and accrued charges	23	**167,074**	152,504	**85,877**	108,273
Derivative financial instruments	21	**222**	188	**–**	23
Obligations under finance leases	24	**184**	119	**38**	36
Income tax payable		**2,956**	3,118	**204**	348
Bank loans and overdrafts	25	**166,049**	174,622	**53,254**	67,166
Total current liabilities		**336,485**	330,551	**139,373**	175,846
Net current assets (liabilities)		**46,433**	20,637	**(40,823)**	(97,793)
Non-current liabilities					
Bank loans	25	**45,445**	29,027	**45,445**	29,027
Obligations under finance leases	24	**396**	67	**34**	67
Deferred tax liabilities	26	**3,533**	3,393	**–**	–
Total non-current liabilities		**49,374**	32,487	**45,479**	29,094
Net assets		**338,073**	331,420	**302,023**	259,273
Represented by					
Share capital	27	**231,257**	231,257	**231,257**	231,257
Reserves		**59,889**	55,676	**70,766**	28,016
Attributable to equity holders of the Company		**291,146**	286,933	**302,023**	259,273
Non-controlling interests		**46,927**	44,487	**–**	–
		338,073	331,420	**302,023**	259,273

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 March 2012

	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 2010		230,975	(34,983)	12,836	(103,141)	3,358	198,508	1,133	–	308,686	48,869	357,555
Total comprehensive (loss) 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
Total comprehensive (loss) income for the year		–	–	–	1,867	–	6,512	–	(278)	8,101	6,063	14,164
Dividends paid	10(a)	–	–	–	–	–	(4,395)	–	–	(4,395)	–	(4,395)
Dividends paid to non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	(3,184)	(3,184)
Transfer to (from) reserves		–	54	5,318	–	–	(5,372)	–	–	–	–	–
Effects of changes in shareholdings on non-controlling interests, net		–	507	–	–	–	–	–	–	507	(584)	(77)
Capital contributions by non-controlling interests		–	–	–	–	–	–	–	–	–	145	145
Balance at 31 March 2012		**231,257**	**(33,872)**	**18,435**	**(132,426)**	**3,358**	**202,647**	**1,133**	**614**	**291,146**	**46,927**	**338,073**

\# 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 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
Total comprehensive income		–	47,166	–	(21)	47,145
Dividends paid	10(a)	–	(4,395)	–	–	(4,395)
Balance at 31 March 2012		**231,257**	**69,462**	**1,133**	**171**	**302,023**

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2012

	Note	The Group 2012 S$'000	The Group 2011 S$'000
Operating activities			
Profit before income tax		**18,774**	31,126
Adjustments for:			
Allowance (write back) for doubtful debts (trade)	7, 20	**57**	(1,358)
Allowance for stock obsolescence	7	**3,409**	1,586
Amortisation of customer relationship	17	**324**	345
Amortisation of product development expenditure	17	**1,300**	2,806
Depreciation of property, plant and equipment	13	**25,545**	24,636
Dividend income from available-for-sale investments	5	**–**	(428)
Finance costs, net	6	**8,260**	8,399
Gain on disposal of equity interests in subsidiaries	5	**(18,836)**	–
Gain on disposal of equity interests in an associate	5	**–**	(92)
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	7, 18	**–**	286
Impairment loss on available-for-sale investments	7	**1,231**	428
Impairment loss on property, plant and equipment	7, 13	**361**	2,679
Impairment loss on interest in associates	7, 15	**7,802**	–
Impairment loss on receivables due from an associate	7, 20	**4,102**	–
Interest income	5	**(517)**	(307)
(Gain) Loss on disposal of property, plant and equipment, net	7	**(1,032)**	208
Property, plant and equipment written off	7	**1,015**	264
Realised loss on derivative financial instruments	7	**2,890**	10
Share of results of associates		**1,692**	(6,136)
Unrealised fair value gain of derivative financial instruments		**222**	182
Unrealised foreign exchange gain		**(1,461)**	(3,559)
Operating profit before working capital changes		**55,138**	59,548
Stocks		**(7,762)**	31,013
Debtors		**(43,254)**	(10,104)
Deposits and prepayments		**3,302**	(3,402)
Creditors and accrued charges		**29,700**	(16,834)
Cash generated from operations		**37,124**	60,221
Interest received		**523**	284
Interest paid		**(8,458)**	(8,310)
Income tax paid		**(8,814)**	(13,765)
Net cash from operating activities		**20,375**	38,430
Investing activities			
Acquisition and investment of associates		**–**	(1,876)
Acquisition of subsidiaries, net of cash acquired	34	**–**	(3,321)
Advance to an associate		**(323)**	–
Deposits paid for purchase of property, plant and equipment		**(656)**	–
Divestment of a subsidiary, net of cash received	34	**511**	–
Dividends received from associates		**797**	11,170
Dividends received from available-for-sale investments		**–**	428
Proceeds on disposal of an associate in prior year		**2,434**	–
Proceeds on disposal of property, plant and equipment		**1,681**	242
Purchase of available-for-sale investments		**(1,068)**	(1,319)
Purchase of property, plant and equipment	A	**(23,579)**	(22,589)
Net cash used in investing activities		**(20,203)**	(17,265)

Consolidated Statement of Cash Flows (Cont'd)

Year ended 31 March 2012

	Note	The Group 2012 S$'000	2011 S$'000
Financing activities			
Drawdown of term loans		**60,000**	25,457
Payment of front end fee		**(1,500)**	(300)
Repayment of term loans		**(70,572)**	(32,979)
Other short term bank loans obtained		**17,209**	13,932
Capital contributions from non-controlling interests		**145**	–
Dividends paid	10(a)	**(4,395)**	(10,973)
Dividends paid to non-controlling interests		**(3,184)**	(5,930)
Issue of shares	27	**–**	282
Repayment of obligations under finance leases		**(277)**	(203)
Net cash used in financing activities		**(2,574)**	(10,714)
Net (decrease) increase in cash and cash equivalents		**(2,402)**	10,451
Cash and cash equivalents at 1 April		**74,480**	74,615
Effect of exchange rate changes on the balance of cash held in foreign currencies		**1,239**	(10,586)
Cash and cash equivalents at 31 March	B	**73,317**	74,480

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$24,192,000 (2011 : S$22,704,000) of which S$613,000 (2011 : S$115,000) was acquired under finance leases.

B. Cash and cash equivalents at 31 March comprise:

	Note	2012 S$'000	2011 S$'000
Bank balances and cash		**76,013**	75,617
Bank overdrafts	25	**(2,696)**	(1,137)
		73,317	74,480

See accompanying notes to financial statements.

Notes to the Financial Statements

31 March 2012

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 2012 were authorised for issue by the Board of Directors on 18 June 2012.

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 2011. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- ***Amendments to FRS 1 Presentation of Financial Statements***
- ***Amendments to FRS 12 Income Taxes***
- ***Amendments to FRS 107 Financial Instruments: Disclosures - Transfers of Financial Assets***
- ***FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements***
- ***FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures***
- ***FRS 112 Disclosure of Interests in Other Entities***
- ***FRS 113 Fair Value Measurement***

Amendments to FRS 1 Presentation of Financial Statements

The amendment to FRS 1 Presentation of Financial Statements is part of a wider project on performance reporting to overhaul the presentation of primary statements.

This limited amendment on Other Comprehensive Income ("OCI") presentation is to require entities to present separate grouping for OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. "revaluation gains on property, plant and equipment" under the revaluation model in FRS 16). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is still a choice to present OCI items before tax or net of tax.

Presentation of OCI and profit and loss items can continue to be presented either in a single statement or in two consecutive statements.

Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after 1 July 2012, with full retrospective application. Early adoption is permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (Cont'd)

Amendments to FRS 12 Income Taxes

The amendments to FRS 12 introduce an exception to the principle when deferred tax assets or deferred tax liabilities arise from:

- investment property measured using the fair value model in FRS 40 Investment Property; and
- investment property acquired in a business combination if it is subsequently measured using the fair value model in FRS 40.

Previously, the entity measures deferred tax assets and deferred tax liabilities arising from investment properties to reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of its investment properties (which may differ depending on whether the recovery is from use or from sale or from both). Such manner of recovery was based on estimates of future transactions based on current intention.

The amendments introduce a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The amendments are effective for annual periods beginning on or after 1 January 2012, and the Group is currently assessing the impact of amendments to FRS 12 in the period of its initial adoption.

Amendments to FRS 107 Financial Instruments: Disclosures - Transfers of Financial Assets

The amendments to FRS 107, effective for annual periods beginning on or after 1 July 2012, increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Group does not anticipate that these amendments to FRS 107 will have a significant effect on the Group's disclosures regarding its existing arrangements for transfers of receivables. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 Consolidation - Special Purpose Entities.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after 1 January 2013, with full retrospective application.

When the Group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (Cont'd)

FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures

FRS 111 supersedes FRS 31 Interests in Joint Ventures and INT FRS 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 Investments in Associates and Joint Ventures to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the Group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after 1 January 2013, with full retrospective application. The Group is currently assessing the effects of FRS 111 in the period of initial adoption.

When the Group adopts FRS 111, arrangements currently accounted for as jointly controlled operations and jointly controlled assets may have to be equity accounted for as joint ventures; and arrangements currently accounted for as jointly controlled entities may have to be accounted for as joint operation. For arrangements that are joint ventures and were previously proportionately consolidated, the Group will have to adopt equity accounting.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after 1 January 2013. The Group is currently estimating the extent of additional disclosures required.

FRS 113 Fair Value Measurement

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 Share-based Payment, FRS 17 Leases, net realisable value in FRS 2 Inventories and value-in-use in FRS 36 Impairment of Assets.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after 1 January 2013. Comparative information is not required for periods before initial application. The Group is currently assessing the effects of FRS 113 in the period of initial adoption.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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 in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation 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. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. 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 share-based payment transactions of the acquiree or 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.

The policy described above is applicable to all business combinations that take place on or after 1 April 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ASSOCIATES

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated 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. 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.

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 accumulated 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 accumulated impairment loss.

Machinery, moulds and equipment, furniture, fixtures and equipment and motor vehicles are carried at historical cost, less accumulated depreciation and any accumulated 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 property/asset revaluation reserve, except to the extent that it reverses a revaluation deficit for the same asset previously recognised as an expense, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A 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 item of property, plant and equipment 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 property/asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the property/asset revaluation reserve to retained earnings except when an asset is derecognised.

Depreciation is calculated to write off the cost 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 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 carried at cost, less any recognised impairment loss and are not depreciated until they are ready for their intended use.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INTANGIBLE ASSETS

Internally-generated intangible assets - product development expenditure

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

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

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

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

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

Intangible assets acquired - technical knowhow

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

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. 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 and amortised using the straight-line method, over a period of five years.

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

All financial assets 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.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FINANCIAL INSTRUMENTS (Cont'd)

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 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 3. Gains and losses arising from changes in fair value are recognised directly in the 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 recognized in other comprehensive income and accumulated 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 accumulated impairment loss. Impairment loss is not reversed. Gain or loss on disposal is included in profit or loss.

Loans and receivables

Trade debtors and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest 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 when employees have rendered the services entitling them to the contributions. 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 income statement 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 that do not result in the Group losing significant influence), 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 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 cash equivalents in the consolidated statement of cash flows 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	
	2012	2011	2012	2011
	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)	**266,722**	233,979	**98,120**	77,391
Available-for-sale financial assets	**4,244**	4,673	**–**	–
Financial liabilities				
Fair value through profit or loss (FVTPL):				
Held for trading	**222**	188	**–**	23
Amortised cost	**379,148**	356,339	**184,648**	204,569

(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	
	2012	2011	2012	2011	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States dollars	**23,748**	59,669	**47,238**	98,870	**49,270**	97,701	**29,405**	27,624
Chinese Renminbi	**38,836**	53,270	**18,609**	21,843	**–**	–	**7,984**	10,575
Hong Kong dollars	**7,092**	12,817	**4,757**	1,934	**38,958**	31,103	**46,258**	34,757
Japanese Yen	**6,092**	8,331	**625**	135	**–**	–	**–**	–
Euro	**1,303**	4,891	**609**	1,666	**–**	–	**–**	–

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 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. 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)	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
United States dollars impact	**(1,175)**	(1,960)	**993**	3,504
Chinese Renminbi impact	**1,011**	1,571	**(399)**	(529)
Hong Kong dollars impact	**117**	544	**(365)**	(183)
Japanese Yen impact	**273**	410	**–**	–
Euro impact	**35**	161	**–**	–

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.

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 2012 would decrease/increase by S$1,057,000 (2011 : decrease/increase by S$1,018,000). 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 2012 would decrease/increase by S$493,000 (2011 : decrease/increase by S$481,000). 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 2012 would increase/decrease by S$33,000 (2011 : increase/decrease by S$36,000); and

- the Group's fair value reserves would increase/decrease by S$120,000 (2011 : increase/decrease by S$134,000).

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, and financial guarantee that the Group may be called upon, 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	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
By geographical areas				
Asia	**81,928**	75,796	**45,405**	23,223
North and South America	**19,848**	14,948	**–**	–
Europe and others	**35,393**	41,033	**–**	–
	137,169	131,777	**45,405**	23,223

(v) Liquidity risk management

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

As at 31 March 2012, the Company's current liabilities exceeded its current assets by S$40,823,000 (2011 : S$97,793,000). 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. Its major shareholder has undertaken to provide the Company with sufficient liquidity to enable the Company to meet its funding needs.

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)

Liquidity and interest risk analyses

Non-derivative financial liabilities

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

	Weighted average effective interest rate % p.a.	On demand or within 1 year S$'000	Within 2 to 5 years S$'000	Adjustment S$'000	Total S$'000
The Group					
2012					
Non–interest bearing	–	167,074	–	–	167,074
Finance lease liability (fixed rate)	5.35	245	484	(149)	580
Variable interest rate instruments	4.09	174,536	47,657	(10,699)	211,494
Financial guarantees	–	1,620	–	(1,620)	–
		343,475	48,141	(12,468)	379,148
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
Financial guarantees	–	1,619	–	(1,619)	–
		335,806	29,568	(9,035)	356,339
The Company					
2012					
Non–interest bearing	–	85,877	–	–	85,877
Finance lease liability (fixed rate)	4.34	45	40	(13)	72
Variable interest rate instruments	3.54	56,537	47,657	(5,495)	98,699
Financial guarantees	–	188,289	–	(188,289)	–
		330,748	47,697	(193,797)	184,648
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
Financial guarantees	–	168,921	–	(168,921)	–
		347,026	29,568	(172,025)	204,569

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)

Liquidity and interest risk analyses (Cont'd)

Non-derivative financial assets

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

	On demand or within 1 year S$'000	Within 2 to 5 years S$'000	After 5 years S$'000	Adjustment S$'000	Total S$'000
The Group					
2012					
Non–interest bearing	266,722	–	4,244	–	270,966
2011					
Non–interest bearing	233,979	–	4,673	–	238,652
The Company					
2012					
Non–interest bearing	98,120	–	–	–	98,120
2011					
Non–interest bearing	77,391	–	–	–	77,391

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.

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

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

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

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

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

Financial instruments measured at fair value

	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000
The Group				
2012				
Financial assets				
Available–for–sale investments	3,060	3,060	–	–
Financial liabilities				
Derivative financial instruments	222	–	222	–
2011				
Financial assets				
Derivative financial instruments	16	–	16	–
Available–for–sale investments	3,489	815	–	2,674
	3,505	815	16	2,674
Financial liabilities				
Derivative financial instruments	188	–	188	–
The Company				
2011				
Financial liabilities				
Derivative financial instruments	23	–	23	–

The Company had no financial assets and liabilities carried at fair value in 2012.

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)

Movements in Level 3 financial instruments measured at fair value

	2012 S$'000	2011 S$'000
Available-for-sale investments		
Opening balance	**2,674**	2,080
Total (losses) gain in other comprehensive income	**(278)**	892
Total losses in profit or loss	**–**	(94)
Transfer to level 1 upon trading on GreTai Securities Market of Taiwan	**(2,399)**	–
Currency realignment	**3**	(204)
Closing balance	**–**	2,674

(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 2011. 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 of 2012 and 2011.

4 REVENUE

	The Group 2012 S$'000	The Group 2011 S$'000
Sales of products	**774,524**	831,670

5 OTHER OPERATING INCOME

	The Group 2012 S$'000	The Group 2011 S$'000
Dividend income from available-for-sale investment in unquoted securities	**–**	428
Gain on disposal of property, plant and equipment	**1,032**	–
Gain on disposal of equity interests in an associate	**–**	92
Gain on disposal of equity interests in subsidiaries (Note 34)	**18,836**	–
Gain on remeasurement to fair value of previously held equity interests at acquisition date	**–**	324
Government grant	**1,501**	1,548
Interest income	**517**	307
Rental income	**898**	927
Technical fee income	**1,259**	3,306
Others	**221**	1,883
	24,264	8,815

6 FINANCE COSTS

	The Group	
	2012	**2011**
	S$'000	**S$'000**
Interest expense on:		
Bank loans and overdrafts	**8,199**	8,383
Finance leases	**61**	16
	8,260	8,399

7 PROFIT BEFORE INCOME TAX

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

	The Group	
	2012	**2011**
	S$'000	**S$'000**
Allowance (write back) for doubtful debts (trade) [b]	**57**	(1,358)
Allowance for stock obsolescence	**3,409**	1,586
Audit fees:		
Auditors of the Company	**316**	309
Other auditors	**825**	837
Non-audit fees:		
Auditors of the Company	**12**	21
Other auditors	**90**	114
Cost of inventories recognised as expense	**615,739**	655,349
Foreign exchange loss, net [a]	**1,887**	501
Goodwill written off [a]	**–**	286
Impairment loss on available-for-sale investments [a]	**1,231**	428
Impairment loss on property, plant and equipment [a]	**361**	2,679
Impairment loss on interest in associates [a]	**7,802**	–
Impairment loss on receivables due from an associate [a]	**4,102**	–
(Gain) Loss on disposal of property, plant and equipment, net [a]	**(1,032)**	208
Operating lease expense	**6,601**	5,847
Property, plant and equipment written off [a]	**1,015**	264
Unrealised fair value loss on derivative financial instruments	**222**	182
Realised loss on derivative financial instruments	**2,890**	10

[a] Included in other operating expenses/other operating income in the consolidated income statement.

[b] Included in distribution expenses in the consolidated income statement.

8 STAFF COSTS

	The Group	
	2012	2011
	S$'000	S$'000
Directors' remuneration:		
Fees	**140**	140
Emoluments		
of the Company	**1,765**	1,912
of the subsidiaries	**826**	998
Salaries and wages	**102,775**	112,999
Defined contribution plans	**4,127**	4,818
	109,633	120,867

9 INCOME TAX

	The Group	
	2012	2011
	S$'000	S$'000
Current income tax:		
Provision for current year	**8,047**	9,322
Overprovision in respect of prior years	**(1,045)**	(1,913)
Withholding tax on overseas income	**549**	1,598
	7,551	9,007
Deferred income tax:		
Charge (Credit) for current year	**73**	(1,262)
Overprovision in respect of prior years	**(124)**	(194)
	(51)	(1,456)
	7,500	7,551

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2011 : 17%) to profit before income tax as a result of the following differences:

	The Group	
	2012	2011
	S$'000	S$'000
Profit before income tax	**18,774**	31,126
Income tax at statutory rate	**3,191**	5,291
Add/(Less):		
Tax effect of share of results of associates	**288**	(1,043)
Effect of different tax rates of overseas operations	**848**	845
Effect of change in tax rates	**(5)**	(5)
Income not subject to tax	**(8)**	(188)
Utilisation of previously unrecognised deferred tax benefits	**(1,039)**	(1,828)
Over provision in prior years	**(1,169)**	(2,107)
Non (taxable) allowable items	**(492)**	2,141
Unrecognised deferred tax benefits	**5,337**	2,847
Withholding tax on overseas income	**549**	1,598
Income tax at effective tax rate	**7,500**	7,551

10 DIVIDENDS

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

	The Group and the Company	
	2012	2011
	S$'000	S$'000
2010 final tax-exempt (1-tier) dividend of 8.0 Singapore cents ("S cents") per share	**–**	8,776
2011 interim tax-exempt (1-tier) dividend of 2.0 S cents per share	**–**	2,197
2011 final tax-exempt (1-tier) dividend of 3.0 S cents per share	**3,296**	–
2012 interim tax-exempt (1-tier) dividend of 1.0 S cents per share	**1,099**	–
	4,395	10,973

b) Proposed dividends at 31 March are as follows:

Final tax-exempt (1-tier) dividend of 1.5 S cents (2011 : 3.0 S cents) per share	**1,648**	3,296

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 income statement.

a) Earnings

	The Group	
	2012	2011
	S$'000	S$'000
Profit attributable to equity holders of the Company	**6,512**	19,198

b) Number of shares

	The Group	
	2012	2011
Weighted average number of ordinary shares used in calculating basic earnings per share	**109,871,168**	109,781,974
Effect of dilutive potential ordinary shares:		
Share options	**–** (1)	193,387
	109,871,168	109,975,361

(1) No dilutive effects as the share options are out-of-money.

12 INVESTMENT PROPERTY

	The Group	
	2012	2011
	S$'000	S$'000
At 1 April	**1,133**	1,263
Currency realignment	**2**	(130)
At 31 March	**1,135**	1,133

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. 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$177,000 (2011 : S$175,000). Direct operating expenses arising from the investment property in the year amounted to S$8,900 (2011 : S$8,800).

Particulars of the investment property are as follows:

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

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group						
Cost/Valuation:						
At 1 April 2010	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
Currency realignment	(352)	2,959	2,375	589	68	5,639
On disposal of subsidiaries	–	(436)	(954)	(563)	(1,318)	(3,271)
Transfer	–	46	8,366	(8,412)	–	–
Additions	–	431	4,842	13,522	5,397	24,192
Disposals and write-offs	(667)	(10)	(11,743)	(136)	(3,137)	(15,693)
At 31 March 2012	27,603	122,477	389,868	22,196	48,962	611,106

Notes to the Financial Statements

31 March 2012

13 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group						
Represented by:						
At 31 March 2012						
Cost	20,514	122,477	389,868	22,196	48,962	604,017
Valuation	7,089	–	–	–	–	7,089
Total	27,603	122,477	389,868	22,196	48,962	611,106
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
Accumulated depreciation:						
At 1 April 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
Currency realignment	(89)	361	1,346	–	39	1,657
Depreciation	490	3,392	17,343	–	4,320	25,545
On disposal of subsidiaries	–	(121)	(83)	–	(519)	(723)
Disposals and write-offs	–	(7)	(6,748)	–	(2,405)	(9,160)
At 31 March 2012	7,273	29,400	281,179	–	32,867	350,719
Impairment loss:						
At 1 April 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
Currency realignment	–	3	68	–	–	71
Charge for the year	–	–	361	–	–	361
On disposal of subsidiaries	–	–	(28)	–	–	(28)
Disposal	–	–	(4,404)	–	–	(4,404)
At 31 March 2012	–	4,959	13,976	–	–	18,935
Carrying amount:						
At 31 March 2012	20,330	88,118	94,713	22,196	16,095	241,452
At 31 March 2011	21,750	88,756	99,682	17,196	16,520	243,904

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 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
Currency realignment	–	2	2
Additions	12	433	445
Disposals and write-offs	–	(236)	(236)
At 31 March 2012	690	4,509	5,199
Accumulated depreciation:			
At 1 April 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
Currency realignment	–	7	7
Depreciation	27	905	932
Disposals and write-offs	–	(220)	(220)
At 31 March 2012	552	2,070	2,622
Carrying amount:			
At 31 March 2012	138	2,439	2,577
At 31 March 2011	153	2,932	3,085

The carrying amount of property, plant and equipment includes an amount of S$662,000 (2011 : S$253,000) for the Group and S$71,000 (2011 : S$101,000) 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$7,089,000 (2011 : S$7,198,000) 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 (2011 : 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$19,555,000 (2011 : S$20,970,000).

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$361,000 (2011 : S$2,679,000) 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	53 years from 1994
Taiwan		
No. 211 Chung Cheng Road, Section 2 Hukow, Hsin-chu 30302, Taiwan	A 2-storey factory building with built-up area of 6,654 square metres and a warehouse with built-up area of 169 square metres	Freehold
Malaysia		
No. 5, Jalan Tampoi Tujuh, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor, Malaysia	A 19,652-square metre plot of land with a 3-storey factory building with built-up area of 6,450 square metres	Freehold
	A 18,110-square metre plot of land with a warehouse with built-up area of 2,106 square metres	Freehold
China		
No. 1-2, First Hong Ye Dong Road Hong Ye Industrial Area Tang Xia, Dongguan, Guangdong, China	A 3-storey factory building with built-up area of 4,119 square metres	50 years from 1993
Road 12, Hong Ye Road Hong Ye Industrial Area (138) Tang Xia, Dongguan, Guangdong, China	A 30,821-square metre plot of land with a 3-storey factory building and 7-storey staff quarters with built-up area of 9,840 square metres and 13,269 square metres respectively	50 years from 1995
99, Dahetou Road Duantang, Ningbo, China	Four factory buildings and office 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 Ao 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	
	2012	2011
	S$'000	S$'000
Unquoted equity shares, at cost	**207,989**	204,092
Less: Impairment loss	**(79,176)**	(79,176)
	128,813	124,916
Amounts due from subsidiaries (non-trade)	**238,408**	240,088
Financial guarantee contracts to subsidiaries	**1,867**	1,673
Total interest in subsidiaries	**369,088**	366,677

The amounts due from subsidiaries are interest free and form part of the Company's net investment in the subsidiaries. As at 31 March 2011, an amount of S$630,000, included in the amounts due from subsidiaries, is interest bearing at interest rates ranging from 3% to 5% per annum. This amount has been repaid during the year. 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 to determine whether there is an indication that they have suffered an impairment loss. Arising from this review, the Company recognised an impairment loss of S$Nil (2011 : S$2,620,000) 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	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
Cost of investment	**61,162**	50,671	**16,382**	16,382
Loan to associate	**1,656**	1,333	**–**	–
Financial guarantee contracts to associates	**–**	–	**16**	16
Share of post-acquisition reserves, net of dividends received	**17,375**	17,922	**–**	–
	80,193	69,926	**16,398**	16,398
Accumulated impairment	**7,802**	–	**–**	–
Carrying amount of investment	**72,391**	69,926	**16,398**	16,398

In the current year, the Group acquired Vectrix Holdings Limited, amounting to S$11,757,000. Further details are disclosed in Note 34 to the financial statements.

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

	The Group	
	2012	2011
	S$'000	S$'000
Total assets	**283,101**	311,759
Total liabilities	**(138,156)**	(164,314)
Net assets	**144,945**	147,445
Group's share of associates' net assets	**71,936**	61,612
Revenue	**483,085**	671,988
(Loss) Profit for the year	**(5,660)**	18,619

15 INTEREST IN ASSOCIATES (Cont'd)

The Group has not recognised losses relating to certain associates where its share of losses exceeds the Group's carrying amount of its investment in those associates. The Group's cumulative and also current year share of unrecognised losses was S$3,111,000. The Group has no obligation in respective of those losses.

During the year, the Group reviewed the recoverable amount of the Group's investment in an associate, determined based on an estimation of the value in use. The value in use calculation requires the Group to estimate the present value of future cash flows based on key assumptions regarding discount rates and growth rates. 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 associate. 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.

Cash flow forecast was derived from the most recent financial budgets approved by management for the next year and extrapolated for the following four years based on an average growth rate of approximately 24% (2011 : 20%).

The rate used to discount the forecast cash flow ranges from approximately 15% to 20% (2011 : 13%)

Based on the assessment above, the recoverable amount was determined to be lower than the Group's carrying amount of interest in associates and accordingly an impairment loss of S$7,802,000 (2011 : S$Nil) was recognised in profit or loss during the year.

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

16 AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2012	2011
	S$'000	S$'000
Equity shares:		
Quoted, at fair value	**3,060**	815
Unquoted, at fair value	**–**	2,674
Unquoted, at cost	**1,184**	1,184
Total available-for-sale investments	**4,244**	4,673

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.

16 AVAILABLE-FOR-SALE INVESTMENTS (Cont'd)

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

	The Group	
	2012	2011
	S$'000	S$'000
Danish Kronor	**661**	815
Swedish Kronor	**1,137**	1,137
New Taiwan dollars	**2,399**	2,674
Renminbi	**47**	47

17 INTANGIBLE ASSETS

	The Group			
	Product development expenditure S$'000	Technical knowhow S$'000	Customer relationship S$'000	Total S$'000
Cost:				
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
Currency realignment	(10)	6	(2)	(6)
At 31 March 2012	36,713	8,373	1,628	46,714
Accumulated amortisation:				
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
Currency realignment	(2)	6	1	5
Amortisation for the year *	1,300	–	324	1,624
At 31 March 2012	36,713	8,373	1,221	46,307
Total intangible assets:				
At 31 March 2012	–	–	407	407
At 31 March 2011	1,308	–	734	2,042

* Included in administrative expenses in consolidated income statement.

18 GOODWILL ON CONSOLIDATION

	The Group	
	2012	2011
	S$'000	S$'000
Cost:		
At 1 April	**18,055**	19,835
Currency realignment	**13**	(2,011)
Arising from acquisition of subsidiaries	**–**	517
Write off to profit or loss on disposal (Note 34)	**(1,124)**	(286)
At 31 March	**16,944**	18,055
Carrying amount:		
At 31 March	**16,944**	18,055

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

Goodwill acquired in a business combination allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination are as follows:

	The Group Carrying amount	
	2012	2011
	S$'000	S$'000
Zhongyin (Ningbo) Battery Co. Ltd	**5,399**	5,394
Gold Peak Industries (Taiwan) Limited	**3,510**	3,507
GP Batteries (U.K.) Limited	**1,089**	1,088
Eastern Europe marketing and distribution network	**5,292**	5,288
GP Batteries (China) Limited	**1,148**	1,148
Vectrix Sp.z.o.o. (Note 34)	**–**	1,124
Others	**506**	506
	16,944	18,055

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 year and extrapolates cash flows for the following four years based on average growth rates of approximately 3% to 10% (2011 : 2% to 13%).

The rates used to discount the forecast cash flow ranges from approximately 11% to 15% (2011 : 12% to 16%).

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 CGUs.

19 STOCKS

	The Group 2012 S$'000	The Group 2011 S$'000
Raw materials		
At cost	**22,116**	27,413
At net realisable value	**636**	364
Work in progress		
At cost	**27,941**	22,701
At net realisable value	**6**	72
Finished goods		
At cost	**54,748**	53,960
At net realisable value	**1,290**	1,148
	106,737	105,658

The cost of inventories recognised as an expense includes S$3,409,000 (2011 : S$1,757,000 in respect of write-downs of inventory to net realisable value, and has been reduced by S$Nil (2011 : S$171,000) 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 2012 S$'000	The Group 2011 S$'000	The Company 2012 S$'000	The Company 2011 S$'000
Trade					
Outside parties		**137,147**	132,804	**–**	–
Less: Allowances for doubtful debts		**(10,549)**	(10,393)	**–**	–
		126,598	122,411	**–**	–
Amounts due from:					
Associates	15, 31	**10,569**	9,331	**91**	–
Subsidiaries	14, 30	**–**	–	**45,314**	23,223
Related parties	32	**2**	35	**–**	–
		10,571	9,366	**45,405**	23,223
		137,169	131,777	**45,405**	23,223
Non-trade					
Outside parties		**24,499**	19,319	**208**	237
Amounts due from:					
Associates	15, 31	**32,581**	6,731	**9,176**	726
Subsidiaries	14, 30	**–**	–	**57,320**	60,471
Related parties	32	**223**	119	**–**	112
		57,303	26,169	**66,704**	61,546
Less:					
Allowance for doubtful debts					
Associates		**(5,107)**	(971)	**–**	–
Subsidiaries		**–**	–	**(15,864)**	(9,224)
Related parties		**–**	(104)	**–**	(104)
		52,196	25,094	**50,840**	52,218
Total		**189,365**	156,871	**96,245**	75,441

20 DEBTORS (Cont'd)

The amounts due from subsidiaries, associates and related parties are unsecured and repayable on demand. The average credit period on sale of goods ranges from 60 to 90 days (2011 : 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$48,099,000 (2011 : S$41,423,000) which are past due at the reporting date for which the Group has not made any allowance 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 (2011 : 2 months). Included in allowance for doubtful debts were specific allowance against trade debtors and non-trade debtors of S$23,000 and S$5,107,000 respectively (2011 : S$145,000 and S$971,000 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. The remaining allowance for doubtful debts arose from collective assessment.

Movements in the allowance for doubtful debts (trade):

	The Group	
	2012	**2011**
	S$'000	**S$'000**
Balance at 1 April	**10,393**	13,639
Currency realignment	**189**	(1,774)
Charge (Write back) for the year	**57**	(1,358)
Amount written off for the year	**(56)**	(114)
On disposal of a subsidiary	**(34)**	–
Balance at 31 March	**10,549**	10,393

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Balance at 1 April	**1,075**	1,186	**9,328**	5,752
Currency realignment	**34**	(111)	**–**	(14)
Allowance utilised	**(104)**	–	**(104)**	–
Charge for the year	**4,102**	–	**6,640**	3,590
Balance at 31 March	**5,107**	1,075	**15,864**	9,328

21 DERIVATIVE FINANCIAL INSTRUMENTS

	2012		2011	
	Assets S$'000	Liabilities S$'000	Assets S$'000	Liabilities S$'000
The Group				
Commodity forward contracts	**–**	**–**	16	–
Commodity–linked interest rate swaps	**–**	**–**	–	(160)
Forward foreign exchange contracts	**–**	**(222)**	–	(28)
	–	**(222)**	16	(188)
The Company				
Forward foreign exchange contracts	**–**	**–**	–	(23)

The Group's and the Company's derivative financial instruments 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 outstanding as at 31 March 2011 were approximately S$9,300,000 and had 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 31 March 2011.

As at 31 March 2011, the notional amounts of swaps were 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.

These contracts were settled during the year ended 31 March 2012.

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.

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
31 March 2012		
Sell United States dollars buy Renminbi at average rate of 6.387 (expiring September 2013)	3,773	–
31 March 2011		
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$222,000 (2011 : S$28,000). The fair values are measured based on estimated valuation derived from market quotations.

22 DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
Deposits	**2,000**	1,491	**433**	197
Prepayments	**7,735**	10,908	**430**	662
	9,735	12,399	**863**	859

Presented in the statements of financial position as:

	The Group		The Company	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
Non-current assets	**656**	–	**262**	–
Current assets	**9,079**	12,399	**601**	859
	9,735	12,399	**863**	859

The fair value of the Group's and Company's deposits approximates their carrying amount.

23 CREDITORS AND ACCRUED CHARGES

		The Group		The Company	
	Note	2012	2011	2012	2011
		S$'000	S$'000	S$'000	S$'000
Trade					
Outside parties		**125,484**	111,957	**–**	–
Amounts due to:					
Associates	15, 31	**22,256**	21,812	**–**	–
Related parties	32	**164**	209	**–**	–
Interest payable		**331**	523	**156**	415
Accrued charges		**18,499**	17,515	**1,158**	1,178
		166,734	152,016	**1,314**	1,593
Non-trade					
Amounts due to:					
Subsidiaries	14, 30	**–**	–	**84,438**	106,602
Associates	15, 31	**120**	35	**–**	–
Related parties	32	**220**	453	**125**	78
		340	488	**84,563**	106,680
Total		**167,074**	152,504	**85,877**	108,273

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 (2011 : 60 to 90 days).

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24 OBLIGATIONS UNDER FINANCE LEASES

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

	Total minimum lease payments		Present value of payments	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
The Group				
Within 1 year	**245**	127	**184**	119
Within 2 to 5 years	**484**	80	**396**	67
	729	207	**580**	186
Less: Future finance charges	**(149)**	(21)		
Present value of lease obligations	**580**	186		
Less: Amounts due within 1 year	**(184)**	(119)		
Amounts due within 2 to 5 years	**396**	67		
The Company				
Within 1 year	**45**	41	**38**	36
Within 2 to 5 years	**40**	80	**34**	67
	85	121	**72**	103
Less: Future finance charges	**(13)**	(18)		
Present value of lease obligations	**72**	103		
Less: Amounts due within 1 year	**(38)**	(36)		
Amounts due within 2 to 5 years	**34**	67		

It is the Group's and Company'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 and Company 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 and Company's lease obligations approximates their carrying amount.

25 BANK LOANS AND OVERDRAFTS

	The Group 2012 S$'000	The Group 2011 S$'000	The Company 2012 S$'000	The Company 2011 S$'000
Unsecured:				
Bank loans	**188,502**	182,165	**98,699**	96,193
Bank overdrafts	**2,696**	1,137	**–**	–
Import and export loans	**20,296**	20,347	**–**	–
	211,494	203,649	**98,699**	96,193
Carrying amount:				
Repayable within 12 months and/or contain a repayment on demand clause	**164,914**	168,284	**53,254**	65,483
Not repayable within 12 months but contain a repayment on demand clause	**1,135**	6,338	**–**	1,683
Under current liabilities	**166,049**	174,622	**53,254**	67,166
Repayable after 12 months under non-current liabilities	**45,445**	29,027	**45,445**	29,027
	211,494	203,649	**98,699**	96,193

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$65,935,000 (2011 : S$56,650,000) are secured by corporate guarantees granted by certain subsidiaries. Bank loans are arranged at floating rates and their carrying amount approximates their fair values.

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 2010	2,771	64	–	78	1,421	4,334
Currency realignment	(140)	(6)	–	(4)	(110)	(260)
On acquisition of subsidiaries	–	–	–	–	126	126
Credit to profit and loss	(99)	–	–	(74)	(634)	(807)
At 31 March 2011	2,532	58	–	–	803	3,393
Currency realignment	(31)	–	–	–	(1)	(32)
Charge to profit and loss	170	–	–	–	2	172
At 31 March 2012	2,671	58	–	–	804	3,533
Deferred tax assets						
At 1 April 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)
Currency realignment	(24)	–	44	–	(45)	(25)
Charge (Credit) to profit and loss	5	–	(89)	–	(139)	(223)
At 31 March 2012	(731)	–	(758)	–	(2,296)	(3,785)

26 DEFERRED TAX (Cont'd)

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

	The Group	
	2012	**2011**
	S$'000	**S$'000**
Unutilised tax losses	**123,546**	103,420
Difference in accounting and tax depreciation	**(2,420)**	(528)
Others	**(172)**	(74)
	120,954	102,818

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. Included in unutilised tax losses are losses of S$3,341,000 that will expire in 2013.

27 SHARE CAPITAL

	The Group and the Company			
	2012	**2011**	**2012**	**2011**
	Number of ordinary shares		**S$'000**	**S$'000**
Issued and paid-up:				
At 1 April	**109,871,168**	109,690,168	**231,257**	230,975
Exercise of share options	**–**	181,000	**–**	282
At 31 March	**109,871,168**	109,871,168	**231,257**	231,257

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			
	2012		**2011**	
	Number of share options '000	**Weighted average exercise price S$**	**Number of share options '000**	**Weighted average exercise price S$**
At 1 April	**2,678**	**2.18**	3,216	2.08
Exercised during the year	**–**	**–**	(181)	1.56
Lapsed during the year	**–**	**–**	(357)	1.60
At 31 March	**2,678**	**2.18**	2,678	2.18
Exercisable at 31 March	**2,678**		2,678	

There is no exercise of share options during the year. The weighted average share price at the date of exercise for share options exercised during prior year was S$1.97. The options outstanding at the end of the year have a weighted remaining contractual life of 1.01 years (2011 : 1.99 years).

27 SHARE CAPITAL (Cont'd)

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-transferability, 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	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
Within 1 year	**5,278**	4,874	**563**	517
After 1 year and within 5 years	**6,694**	9,884	**72**	96
After 5 years	**3,848**	4,893	**–**	72
	15,820	19,651	**635**	685

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	
	2012	2011
	S$'000	S$'000
Within 1 year	**579**	730
After 1 year and within 5 years	**584**	1,401
	1,163	2,131

28 COMMITMENTS (Cont'd)

b) Capital expenditure commitments

	The Group	
	2012	2011
	S$'000	S$'000
Capital expenditure contracted but not provided for	**4,054**	139
Capital expenditure authorised but not contracted for	**3,301**	1,742
	7,355	1,881

c) Trust fund

In 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 2012, the Company has undertaken to provide financial support to some of its subsidiaries.

29 CONTINGENT LIABILITIES - UNSECURED

	The Group		The Company	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
Guarantees given in respect of banking and other facilities granted to:				
Subsidiaries (Notes 14 and 30)	**–**	–	**186,669**	167,302
Associates (Notes 15 and 31)	**1,620**	1,619	**1,620**	1,619
Others	**280**	59	**44**	39
	1,900	1,678	**188,333**	168,960

30 SUBSIDIARIES

Details of the key subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/ voting power held by the Group		Principal activities
		2012	2011	
		%	%	
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

30 SUBSIDIARIES (Cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/ voting power held by the Group 2012 %	2011 %	Principal activities
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**	100	Marketing and trading in batteries
Gold Peak Industries (Taiwan) Limited (3)	Taiwan	**80**	80	Manufacturing of batteries
GP Batteries (China) Limited (4) #	PRC	**100**	100	Manufacturing of batteries
GP Batteries (Dongguan) Co Ltd (4) #	PRC	**100**	100	Manufacturing of batteries
GP Batteries Europe B.V. (3) #	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	**100 [Note 34]**	75	Marketing and trading in batteries
GP Battery Marketing (Korea) Limited (5) #	South Korea	**90**	90	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 (Middle East) Limited (FZC) (2,8) #	UAE	**60**	–	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

30 SUBSIDIARIES (Cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/ voting power held by the Group 2012 %	2011 %	Principal activities
Huizhou Chao Ba Batteries Co Ltd (4) #	PRC	**90**	90	Marketing and trading in batteries
Huizhou Modern Battery Limited (4) #	PRC	**100**	100	Manufacturing of batteries
Huizhou Power Pack Co Ltd (4) #	PRC	**100**	100	Manufacturing of batteries
Ningbo Fubang Battery Co Ltd (6)	PRC	**75**	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 Beaver Batteries Co., Ltd (7) #	PRC	**–**	100	Manufacturing of batteries
Shanghai Bi Ba 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	**– [Note 34]**	100	Trading of electric motorcycles
Vectrix Sp. z.o.o (5) #	Poland	**– [Note 34]**	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 Limited

(4) Audited/reviewed by overseas practices of Deloitte Touche Tohmatsu Limited 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) During the year ended 31 March 2012, this subsidiary merged with Shanghai Bi Ba Batteries Co Ltd

(8) Incorporated during the financial 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 2012 %	2011 %	Principal activities
AZ Limited [(4) #]	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 [(1) #]	Germany	**50**	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**	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
Vectrix International Limited [(1) *]	Hong Kong	**45 [Note 34]**	–	Trading of electric motorcycles
Vectrix Sp.z.o.o [(2)*]	Poland	**45 [Note 34]**	–	Manfuacturing of electric motorcycles

Held by subsidiaries of the Company

* Held by associates of the Company

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

(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 The "Finances" Group for consolidation purposes

32 RELATED PARTY TRANSACTIONS

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	
	2012	**2011**
	S$'000	**S$'000**
Entities owned or controlled directly or indirectly by the Company's major shareholder		
Sales	**(78)**	(23)
Other services received	**(123)**	(111)
Purchases	**1,629**	2,182
Rental and other services paid	**1,608**	1,560
Associates		
Sales	**(31,829)**	(31,174)
Purchases	**84,572**	92,949
Technical fee income	**(23)**	(90)

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

	The Group	
	2012	**2011**
	S$'000	**S$'000**
Short-term benefits	**2,731**	3,050

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 who are the chief operating decision makers. 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	
	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000
Asia				
PRC (including Hong Kong)	**342,095**	349,532	**235,419**	218,627
Other parts of Asia	**117,525**	135,406	**70,226**	87,231
	459,620	484,938	**305,645**	305,858
North and South America	**100,661**	124,479	**7,813**	9,829
Europe and others	**214,243**	222,253	**23,771**	24,046
	774,524	831,670	**337,229**	339,733

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	
	2012	2011
	%	%
Revenue by products		
Rechargeable	**27.5**	32.9
Primary cylindrical	**51.9**	46.9
Primary specialty	**14.6**	15.0
Others	**6.0**	5.2
	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 AND ASSOCIATES

During the financial year ended 31 March 2012:

(i) the Group entered into an agreement to subscribe for 3,500 new shares at a cash consideration of HK$3,500 in Vectrix Holdings Limited ("VHL"), a company in which the Group incorporated with an initial paid up capital of 1,000 issued shares. At the same time, VHL also issued 1,000 and 4,500 new shares to RBG Investment Limited and Venturemaster International Limited ("Venturemaster") at cash consideration of US$3,000,000 and HK$4,500 respectively. With the proceeds from these new shares issued, VHL acquired the entire equity interest of Vectrix International Limited ("VIL") and its wholly owned subsidiary Vectrix Sp.z.o.o ("VPol") from the Group; as well as the entire equity interest of Vectrix LLC ("VLLC") from Venturemaster. As a result:

A. The Group lost control of VIL and VPol due to decrease from an initial 100% equity interest to 45%, and

B. VIL, VPol and VLLC; which are wholly-owned subsidiaries of VHL, became associated companies together with VHL due to the Group's non-controlling interest in VHL. This non-controlling interest amounting to S$11,757,000 (Note 15) was recognised at fair value in the Group's interest in associates.

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES (Cont'd)

During the financial year ended 31 March 2012: (Cont'd)

Details of the disposal are as follows:

	S$'000
Book values of net assets over which control was lost:	
Property, plant and equipment	2,520
Bank balances and cash	1,354
Debtors, deposits and prepayments	4,643
Stocks	3,351
Creditors and accrued charges	(18,206)
Attributable goodwill	1,124
Net liabilities derecognised	(5,214)
Gain on disposal:	
Cash consideration received	1,865
Net liabilities derecognised	5,214
Remeasurement of remaining equity interests retained	11,757
Gain on disposal	18,836
Net cash inflow on disposal:	
Cash consideration received	1,865
Cash and cash equivalents disposed of	(1,354)
	511

(ii) the Group acquired remaining 25% interest in GP Battery Marketing Inc for a consideration of approximately S$32,000, resulting in the entity becoming a 100% owned subsidiary of the Group. As the change in the Group's interest in the subsidiary do not result in a change of control, the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is recognised in equity and attributed to owners of the Company.

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 and S$983,000 to the Group's revenue and 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$847,498,000 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.

34 ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES (Cont'd)

(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 had an 80% interest in GPINA through GPITL, a subsidiary in which the Company had 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.

Details of the acquisitions are as follows:

	Fubang S$'000	GPBM Korea S$'000	Total S$'000
Consideration transferred (at acquisition date fair values):			
Cash	5,090	166	5,256
Assets acquired and liabilities assumed at the date of acquisition:			
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
Goodwill arising from acquisition:			
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
Net cash outflow on acquisition of subsidiaries:			
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

The non-controlling interests in Fubang (25%) and GPBM Korea (10%) recognised at the acquisition date were 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.

35 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

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

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.

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

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

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

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

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

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the recoverable amount assessed to be the higher of fair value less cost to sell and value in use. Management has evaluated the recoverability of these investments based on such estimates and the Company has recognised an impairment loss of S$Nil (2011 : S$2,620,000) on the investments in subsidiaries and S$7,802,000 (2011 : S$Nil) on the interests in associates in the consolidated income statement. 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 is 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 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:

The Group	**31 March 2011 as reclassified S$'000**	**31 March 2011 as previously stated S$'000**
Consolidated income statement		
Cost of sales	(655,349)	(655,195)
Other operating income	8,815	8,831
Other operating expenses	(5,985)	(5,957)
Finance costs	(8,399)	(8,597)

37 SUBSEQUENT EVENT

Subsequent to the financial year end, the Group acquired remaining 20% interest in GP Batteries Europe B.V. for a consideration of approximately S$218,000, resulting in the entity becoming a 100% owned subsidiary of the Group.