

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Note	The Group	
		2017 S\$'000	2016 S\$'000
<b>Revenue</b>	4	<b>759,842</b>	765,254
<b>Cost of sales</b>		<b>(589,482)</b>	(587,601)
<b>Gross profit</b>		<b>170,360</b>	177,653
Other operating income	5	<b>22,708</b>	12,875
Distribution expenses		<b>(66,886)</b>	(61,603)
Administrative expenses		<b>(88,939)</b>	(88,443)
Other operating expenses	6	<b>(8,080)</b>	(9,837)
Finance costs	7	<b>(6,761)</b>	(6,884)
<b>Profit before share of results of associates</b>		<b>22,402</b>	23,761
Share of results of associates		<b>6,813</b>	4,884
<b>Profit before income tax</b>	8	<b>29,215</b>	28,645
Income tax	10	<b>(14,370)</b>	(12,956)
<b>Profit for the year</b>		<b>14,845</b>	15,689
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>3,488</b>	2,397
Non-controlling interests	31	<b>11,357</b>	13,292
		<b>14,845</b>	15,689
<b>Earnings per share (cents):</b>			
- Basic	12	<b>2.21</b>	1.49
- Diluted	12	<b>2.21</b>	1.49

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	The Group	
	2017 S\$'000	2016 S\$'000
<b>Profit for the year</b>	<b>14,845</b>	15,689
<b>Other comprehensive income:</b>		
<i>Items that may be subsequently reclassified to Profit or Loss:</i>		
Translation differences arising from consolidation of foreign operations	<b>(8,994)</b>	(25,351)
Available-for-sale financial assets		
- Fair value gain (loss) arising during the year	<b>298</b>	(485)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(8,696)</b>	(25,836)
<b>Total comprehensive income (loss) for the year</b>	<b>6,149</b>	(10,147)
<b>Total comprehensive income (loss) attributable to:</b>		
Equity holders of the Company	<b>(3,694)</b>	(18,519)
Non-controlling interests	<b>9,843</b>	8,372
	<b>6,149</b>	(10,147)

See accompanying notes to financial statements.

# STATEMENTS OF FINANCIAL POSITION

31 March 2017

	Note	The Group		The Company	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Non-current assets</b>					
Investment property	13	1,791	1,672	–	–
Property, plant and equipment	14	201,850	194,039	4,566	1,142
Interest in subsidiaries	15	–	–	341,445	336,614
Interest in associates	16	52,722	46,329	16,382	16,382
Available-for-sale investments	17	6,291	5,777	–	–
Deferred tax assets	26	3,549	3,729	–	–
Goodwill on consolidation	18	11,970	11,548	–	–
Deposits and prepayments	21	6,052	3,095	952	3,046
Total non-current assets		284,225	266,189	363,345	357,184
<b>Current assets</b>					
Stocks	19	107,210	110,353	–	–
Debtors	20	143,299	123,485	95,248	100,048
Tax recoverable		2,356	754	–	–
Deposits and prepayments	21	15,674	10,904	1,798	1,985
Bank balances and cash		115,167	110,978	6,985	6,797
		383,706	356,474	104,031	108,830
Assets held for sale	36	1,057	–	–	–
Total current assets		384,763	356,474	104,031	108,830
<b>Current liabilities</b>					
Creditors and accrued charges	22	180,551	143,653	97,177	100,410
Derivative financial instruments	23	–	497	–	–
Obligations under finance leases	24	87	113	–	–
Income tax payable		2,628	2,108	149	147
Bank loans and overdrafts	25	152,276	118,142	97,509	69,336
Total current liabilities		335,542	264,513	194,835	169,893
<b>Net current assets (liabilities)</b>		49,221	91,961	(90,804)	(61,063)
<b>Non-current liabilities</b>					
Bank loans	25	23,368	43,315	21,901	43,315
Obligations under finance leases	24	94	79	–	–
Deferred tax liabilities	26	2,919	2,208	–	–
Total non-current liabilities		26,381	45,602	21,901	43,315
<b>Net assets</b>		307,065	312,548	250,640	252,806
<b>Represented by</b>					
Share capital	27	257,400	257,400	257,400	257,400
Treasury shares	28	(6,088)	(6,084)	(6,088)	(6,084)
Reserves		(25,116)	(19,428)	(672)	1,490
Attributable to equity holders of the Company		226,196	231,888	250,640	252,806
Non-controlling interests	31	80,869	80,660	–	–
		307,065	312,548	250,640	252,806

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2017

Note	Share capital S\$'000	Treasury shares S\$'000	Capital reserve <sup>#</sup> S\$'000	Legal reserve S\$'000	Translation reserve S\$'000	Property/ asset revaluation reserve S\$'000	Retained profits S\$'000	Fair value reserve S\$'000	Attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
<b>The Group</b>											
Balance at 1 April 2015	257,400	-	(32,963)	22,001	(123,147)	3,358	137,502	1,206	265,357	77,172	342,529
Total comprehensive income (loss) for the year:											
Profit for the year	-	-	-	-	-	-	2,397	-	2,397	13,292	15,689
Other comprehensive loss for the year	-	-	-	-	(20,431)	-	-	(485)	(20,916)	(4,920)	(25,836)
Total	-	-	-	-	(20,431)	-	2,397	(485)	(18,519)	8,372	(10,147)
Transactions with owners, recognised directly in equity:											
Capital contributions by non-controlling interests											
Dividends paid	11(a)	-	-	-	-	-	(8,866)	-	(8,866)	1,640	1,640
Dividends paid to non-controlling interests in subsidiaries		-	-	-	-	-	-	-	-	(6,524)	(6,524)
Purchase of treasury shares	28	-	(6,084)	-	-	-	-	-	(6,084)	-	(6,084)
Total		-	(6,084)	-	-	-	(8,866)	-	(14,950)	(4,884)	(19,834)
Transfer to (from) reserves		-	-	173	-	-	(173)	-	-	-	-
Balance at 31 March 2016	257,400	(6,084)	(32,963)	22,174	(143,578)	3,358	130,860	721	231,888	80,660	312,548
Balance at 1 April 2016	257,400	(6,084)	(32,963)	22,174	(143,578)	3,358	130,860	721	231,888	80,660	312,548
Total comprehensive income (loss) for the year:											
Profit for the year	-	-	-	-	-	-	3,488	-	3,488	11,357	14,845
Other comprehensive income (loss) for the year	-	-	-	-	(7,445)	-	(35)	298	(7,182)	(1,514)	(8,696)
Total	-	-	-	-	(7,445)	-	3,453	298	(3,694)	9,843	6,149
Transactions with owners, recognised directly in equity:											
Capital reductions to non-controlling interests											
Liquidation of a subsidiary		-	-	-	-	-	1,168	-	1,168	(1,168)	-
Dividends paid	11(a)	-	-	-	-	-	(3,162)	-	(3,162)	-	(3,162)
Dividends paid to non-controlling interests in subsidiaries		-	-	-	-	-	-	-	-	(7,581)	(7,581)
Purchase of treasury shares	28	-	(4)	-	-	-	-	-	(4)	-	(4)
Total		-	(4)	-	-	-	(1,994)	-	(1,998)	(9,634)	(11,632)
Transfer to (from) reserves		-	-	330	-	-	(330)	-	-	-	-
Balance at 31 March 2017	257,400	(6,088)	(32,963)	22,504	(151,023)	3,358	131,989	1,019	226,196	80,869	307,065

<sup>#</sup> Comprises mainly goodwill arising from acquisition of subsidiaries and associates prior to 1 April 2001.

See accompanying notes to financial statements.

	Note	Share capital S\$'000	Treasury shares S\$'000	Retained profits S\$'000	Translation reserve S\$'000	Total S\$'000
<b>The Company</b>						
Balance at 1 April 2015		257,400	–	9,372	(4,432)	262,340
Total comprehensive profit for the year:						
Profit for the year		–	–	3,456	–	3,456
Other comprehensive income for the year		–	–	–	1,960	1,960
Total		–	–	3,456	1,960	5,416
Transactions with owners, recognised directly in equity:						
Dividends paid	11(a)	–	–	(8,866)	–	(8,866)
Purchase of treasury shares	28	–	(6,084)	–	–	(6,084)
Total		–	(6,084)	(8,866)	–	(14,950)
Balance at 31 March 2016		257,400	(6,084)	3,962	(2,472)	252,806
Balance at 1 April 2016		257,400	(6,084)	3,962	(2,472)	252,806
Total comprehensive profit for the year:						
Profit for the year		–	–	4,028	–	4,028
Other comprehensive income for the year		–	–	–	(3,028)	(3,028)
Total		–	–	4,028	(3,028)	1,000
Transactions with owners, recognised directly in equity:						
Dividends paid	11(a)	–	–	(3,162)	–	(3,162)
Purchase of treasury shares	28	–	(4)	–	–	(4)
Total		–	(4)	(3,162)	–	(3,166)
Balance at 31 March 2017		<b>257,400</b>	<b>(6,088)</b>	<b>4,828</b>	<b>(5,500)</b>	<b>250,640</b>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	The Group	
	2017 S\$'000	2016 S\$'000
<b>Operating activities</b>		
Profit before income tax	29,215	28,645
Adjustments for:		
Allowance for trade doubtful debts, net	521	(263)
Allowance for stock, net	3,029	2,806
Depreciation of property, plant and equipment	18,486	19,179
Dividend income from available-for-sale investments	(5)	–
Fair value gain on investment property	(191)	–
Finance costs	6,761	6,884
Gain on disposal of property, plant and equipment, net	(10,634)	(4,029)
Impairment loss on goodwill	–	2,935
Impairment loss on property, plant and equipment	2,105	4,479
Interest income	(710)	(1,494)
Property, plant and equipment written off	1,063	611
Realised (gain) loss on derivative financial instruments	(207)	387
Share of results of associates	(6,813)	(4,884)
Unrealised fair value loss on derivative financial instruments	–	302
Unrealised foreign exchange (gain) loss	(3,049)	2,387
Operating profit before working capital changes	39,571	57,945
Changes in working capital:		
Stocks	4,341	(14,638)
Debtors	(17,041)	1,559
Deposits and prepayments	(4,390)	(1,412)
Creditors and accrued charges	22,108	4,853
Cash generated from operations	44,589	48,307
Income tax paid	(12,639)	(9,672)
Net cash from operating activities	31,950	38,635
<b>Investing activities</b>		
Deposits received for disposal of property, plant and equipment	9,359	–
Deposits paid for purchase of property, plant and equipment	(5,080)	(3,051)
Dividends received from associates	1,409	1,193
Dividends received from available-for-sale investments	5	–
Interest received	710	1,494
Proceeds on disposal of property, plant and equipment	12,187	4,570
Purchase of available-for-sale investments	–	(712)
Purchase of property, plant and equipment (Note A)	(34,762)	(18,690)
Net cash used in investing activities	(16,172)	(15,196)

See accompanying notes to financial statements.

	<b>The Group</b>	
	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
<b>Financing activities</b>		
Drawdown of term loans	<b>18,758</b>	89,710
Payment of front end fees	–	(2,125)
Repayment of term loans	<b>(30,008)</b>	(14,759)
Other short term bank loans obtained (paid)	<b>22,238</b>	(35,218)
Capital contributions from non-controlling shareholders	–	1,640
Capital reductions paid to non-controlling shareholders	<b>(885)</b>	–
Dividends paid	<b>(3,162)</b>	(8,866)
Dividends paid to non-controlling interests	<b>(7,581)</b>	(6,524)
Repayment of obligations under finance leases	<b>(120)</b>	(158)
Non trade balances due from associates	<b>231</b>	56
Non trade balances due to associates	<b>38</b>	293
Interest paid	<b>(6,327)</b>	(5,446)
Purchase of treasury shares	<b>(4)</b>	(6,084)
Net cash (used in) from financing activities	<b>(6,822)</b>	12,519
Net increase in cash and cash equivalents	<b>8,956</b>	35,958
Cash and cash equivalents at 1 April	<b>110,978</b>	81,042
Effect of exchange rate changes on the balance of cash held in foreign currencies	<b>(4,767)</b>	(6,022)
Cash and cash equivalents at 31 March	<b>115,167</b>	110,978

#### **A. Property, plant and equipment**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$37,933,000 (2016 : S\$19,348,000) of which:

- S\$111,000 (2016 : S\$Nil ) were acquired under finance leases;
- S\$3,060,000 (2016: S\$658,000) were transferred from deposits paid for property, plant and equipment; and
- S\$34,762,000 (2016 : S\$18,690,000) were acquired with cash.

See accompanying notes to financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

## 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 3 Fusionopolis Link, #06-10 Nexus @one-north, Singapore 138543. 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 31 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 2017 were authorised for issue by the Board of Directors on 16 June 2017.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

The financial statements have been 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 Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### ADOPTION OF NEW AND REVISED STANDARDS

The Group 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 2016. The adoption of these new/revised FRSs and INT FRS 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 new/revised FRSs, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*<sup>1</sup>
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*<sup>1</sup>
- FRS 116 *Leases*<sup>2</sup>
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*<sup>3</sup>

<sup>1</sup> Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

<sup>2</sup> Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

<sup>3</sup> Application has been deferred indefinitely, however early application is still permitted.



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

### ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

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

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

#### **FRS 109 *Financial Instruments***

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements for FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

### ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

#### FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of revenue and deferred revenue, including information about contracts with customers, contract balances and performance obligation. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new FRS 115.

#### FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A lease asset will be recognised on statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognising corresponding liability to make lease payments. Additional disclosures may be made with respect of the Group's exposure to asset risk and credit risk, where the Group is the lessor. Management has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

#### IFRS convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange (“SGX”) will be required to apply a new Singapore financial reporting framework that is identical to International Financial Reporting Standards (“IFRS”) for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending March 31, 2019, with retrospective application to the comparative financial year ending March 31, 2018 and the opening statement of financial position as at April 1, 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect material changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under IFRS 1.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

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

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. Subsidiaries are entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 inter-company 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. 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

### BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities 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 arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 102 *Share-based Payment* at the acquisition date; 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.

Non-controlling interests 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 either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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 Instrument: 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.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value 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.

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 above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### ASSOCIATES

An associate is an entity over which the Group has significant influence. 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. 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.

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

### ASSOCIATES (cont'd)

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.

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

### 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 PROPERTY

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

### PROPERTY, PLANT AND EQUIPMENT

Freehold land is carried at historical cost or at its revalued amount, being the fair value on the basis of its existing use at the date of revaluation. In accordance with FRS 16 *Property, plant and equipment*, where one-off revaluation had been performed between 1 January 1984 and 31 December 1996 (both dates inclusive), the Group need 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 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

### PROPERTY, PLANT AND EQUIPMENT (cont'd)

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 charged so as to write off the cost/revalued amount of the properties over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	2% to 10% 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 charged using the straight-line 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.

### IMPAIRMENT OF TANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

### FINANCIAL INSTRUMENTS

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

#### *Effective interest method*

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

#### **Financial assets**

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.

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.



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

### FINANCIAL INSTRUMENTS (cont'd)

#### Financial assets (cont'd)

##### *Available-for-sale financial assets*

Certain shares and debt securities held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 3. Gains and losses arising from changes in fair value are recognised directly in the 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 effect of discounting is immaterial.

##### *Impairment of financial assets*

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

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

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

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

For certain categories of financial assets, such as trade debtors, 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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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.



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

### FINANCIAL INSTRUMENTS (cont'd)

#### Financial assets (cont'd)

##### *Impairment of financial assets (cont'd)*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

##### *Derecognition of financial assets*

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

#### Financial liabilities and equity instruments

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

##### *Financial liabilities*

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

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

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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

### FINANCIAL INSTRUMENTS (cont'd)

#### *Derivative financial instruments*

The Group enters into a variety of derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign exchange rates and raw material prices.

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

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

### STOCKS

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

### PROVISIONS

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

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

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

### 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.

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

### LEASES (cont'd)

*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.

### 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.

### TREASURY SHARES

When the Company purchases its own issued ordinary shares without immediately cancelling them, these shares are held as treasury shares. The consideration paid, including any directly attributable incremental costs is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued. When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account. When treasury shares are subsequently reissued pursuant to the employee Performance Share Plan scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

### 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 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

### 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.

### GOVERNMENT GRANTS

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

### INCOME TAX

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. Except for investment properties measured using the fair value model, 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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

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

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

### INCOME TAX (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

### 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.

### NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

### SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

## 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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	262,062	238,744	102,870	108,434
Available-for-sale financial assets	6,291	5,777	–	–

The following table sets out the financial instruments as at the end of each reporting period:

	The Group		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Financial liabilities</b>				
Derivative financial instruments	–	497	–	–
Payables at amortised cost	356,376	305,302	216,587	213,061

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

#### (b) Financial risk management policies and objectives

The management monitors and manages 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.

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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
United States dollars	193,555	157,490	127,254	119,556	60,722	60,004	32,383	41,105
Chinese Renminbi	76,790	60,525	68,667	50,385	876	5	8,534	14,363
Hong Kong dollars	83,981	77,970	62,506	63,684	27,956	28,696	47,276	45,033
Japanese Yen	1,738	101	–	28	–	–	–	–
Euro	3,778	1,382	520	349	35	35	–	–

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 23 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 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)

##### 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, impact on the profit before tax will be:

	The Group <sup>(i)</sup>		The Company <sup>(ii)</sup>	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<i>Gain (Loss):</i>				
United States dollars impact	<b>3,315</b>	1,897	<b>1,417</b>	945
Chinese Renminbi impact	<b>406</b>	507	<b>(383)</b>	(718)
Hong Kong dollars impact	<b>1,074</b>	714	<b>(966)</b>	(817)
Japanese Yen impact	<b>87</b>	4	–	–
Euro impact	<b>163</b>	52	<b>2</b>	2

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.

<sup>(i)</sup> This is mainly attributable to the exposure on outstanding receivables, payables, bank loans and inter-company receivables and payables at the year end in the Group.

<sup>(ii)</sup> This is mainly attributable to the exposure on outstanding inter-company receivables, payables and bank loans at the year end.

#### (ii) Interest rate risk management

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

##### Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for 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.



### 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 (cont'd)

###### *Interest rate sensitivity (cont'd)*

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 2017 would decrease/increase by S\$878,000 (2016 : S\$807,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and
- the Company's S\$597,000 (profit for the year ended 31 March 2017 would decrease/increase by S\$563,000). 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 available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

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

###### *Equity price sensitivity*

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

In respect of available-for-sale equity investments, if the equity price or valuation had been 5% higher/lower while all other variables were held constant, the Group's fair value reserves would increase/decrease by S\$139,000 (2016 : increase/decrease by S\$123,000).

##### (iv) Credit risk management

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

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

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are reputable financial institutions.

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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

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

#### (iv) Credit risk management (cont'd)

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

	The Group		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<i>By geographical areas</i>				
Asia	73,182	70,139	50,562	51,004
North and South America	24,233	8,831	–	–
Europe and others	26,612	27,831	–	–
	<b>124,027</b>	106,801	<b>50,562</b>	51,004

#### (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 2017, the Company's current liabilities exceeded its current assets by S\$90,804,000 (2016 : S\$61,063,000). 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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period. 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
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#### The Group

##### 2017

Non-interest bearing	–	180,551	–	–	180,551
Finance lease liability (fixed rate)	3.84	192	106	(117)	181
Variable interest rate instruments	3.30	148,474	32,929	(5,759)	175,644
		<b>329,217</b>	<b>33,035</b>	<b>(5,876)</b>	<b>356,376</b>

##### 2016

Non-interest bearing	–	143,653	–	–	143,653
Finance lease liability (fixed rate)	5.28	211	81	(100)	192
Variable interest rate instruments	3.68	123,588	44,624	(6,755)	161,457
		<b>267,452</b>	<b>44,705</b>	<b>(6,855)</b>	<b>305,302</b>

#### The Company

##### 2017

Non-interest bearing	–	97,177	–	–	97,177
Variable interest rate instruments	3.32	96,372	26,683	(3,645)	119,410
Financial guarantees	–	274,922	–	(274,922)	–
		<b>468,471</b>	<b>26,683</b>	<b>(278,567)</b>	<b>216,587</b>

##### 2016

Non-interest bearing	–	100,410	–	–	100,410
Variable interest rate instruments	3.76	73,045	44,624	(5,018)	112,651
Financial guarantees	–	235,258	–	(235,258)	–
		<b>408,713</b>	<b>44,624</b>	<b>(240,276)</b>	<b>213,061</b>

##### Derivative financial instruments

The liquidity analysis for derivative financial instruments is disclosed in Note 23 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 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

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

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- 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
<b>The Group</b>				
<b>2017</b>				
<b>Financial assets</b>				
Available-for-sale investments	2,770	2,770	–	–
There were no transfers between Level 1 and Level 2 of the fair value hierarchy in the period.				
<b>2016</b>				
<b>Financial assets</b>				
Available-for-sale investments	2,381	2,381	–	–
<b>Financial liabilities</b>				
Derivative financial instruments	497	–	497	–

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

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

(c) **Capital risk management policies and objectives**

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 24 and 25 and equity attributable to equity holders of the Company, comprising issued capital as disclosed in Note 27, reserves and retained profits.

The Group's overall strategy remains unchanged from 2016.

### 4 REVENUE

Revenue relates to sales of batteries.

### 5 OTHER OPERATING INCOME

	The Group	
	2017 S\$'000	2016 S\$'000
Dividend income from available-for-sale investments	5	–
Fair value gain on investment property	191	–
Gain on disposal of property, plant and equipment, net	10,634	4,029
Gain on foreign exchange	7,422	3,464
Government grant	1,340	1,923
Interest income	710	1,494
Rental income	823	815
Others	1,583	1,150
	<b>22,708</b>	<b>12,875</b>

### 6 OTHER OPERATING EXPENSES

	Note	The Group	
		2017 S\$'000	2016 S\$'000
Closure costs of Shanghai factory <sup>(i)</sup>		2,468	–
Impairment loss on goodwill	18	–	2,935
Impairment loss on property, plant and equipment	14	2,105	4,479
Property, plant and equipment written off		1,063	611
Others		2,444	1,812
		<b>8,080</b>	<b>9,837</b>

<sup>(i)</sup> Closure costs were incurred in closing the Group's factory in Shanghai when the production facilities for primary button batteries in Shanghai were relocated to Ningbo.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 7 FINANCE COSTS

	The Group	
	2017 S\$'000	2016 S\$'000
Interest expense on:		
Bank loans	6,760	6,867
Finance leases	1	17
	<b>6,761</b>	<b>6,884</b>

## 8 PROFIT BEFORE INCOME TAX

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

	Note	The Group	
		2017 S\$'000	2016 S\$'000
Allowance for trade doubtful debts charged (written back) <sup>(a)</sup>	20	521	(263)
Allowance for stock, net		3,029	2,806
Audit fees:			
Auditors of the Company		394	380
Other auditors		580	687
Non-audit fees:			
Auditors of the Company		11	24
Other auditors		160	227
Cost of inventories recognised as expense		589,482	587,601
Operating lease expense		8,090	8,954
Realised (gain) loss on derivative financial instruments <sup>(b)</sup>		(207)	387
Unrealised fair value loss on derivative financial instruments <sup>(b)</sup>		-	302

<sup>(a)</sup> Included in distribution expenses in the consolidated statement of profit or loss.

<sup>(b)</sup> Included in other operating expenses/other operating income in the consolidated statement of profit or loss.

## 9 STAFF COSTS

	The Group	
	2017 S\$'000	2016 S\$'000
Directors' remuneration:		
Fees	193	193
Emoluments of the Company	3,206	2,964
Salaries and wages	107,000	114,578
Defined contribution plans	4,795	5,241
	<b>115,194</b>	<b>122,976</b>

## 10 INCOME TAX

	The Group	
	2017 S\$'000	2016 S\$'000
Current income tax:		
Charge for current year	11,718	13,015
Overprovision in respect of prior years	(904)	(1,297)
Withholding tax on overseas income	1,106	1,027
	<b>11,920</b>	<b>12,745</b>
Deferred income tax:		
Charge (Write-back) for current year	1,116	(1,119)
Overprovision in respect of prior years	(183)	–
	<b>933</b>	<b>(1,119)</b>
Share of taxation of associates:		
Charge for current year	1,517	1,330
	<b>14,370</b>	<b>12,956</b>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016 : 17%) to profit before income tax as a result of the following differences:

	The Group	
	2017 S\$'000	2016 S\$'000
Profit before income tax	29,215	28,645
Income tax expense at statutory rate	4,967	4,870
Add/(Less):		
Effect of different tax rates of overseas operations	(548)	(218)
Income not subject to tax	(222)	(296)
Utilisation of previously unrecognised deferred tax benefits	(1,639)	(1,479)
Overprovision in respect of prior years	(1,087)	(1,297)
Non-allowable items	1,606	3,313
Unrecognised deferred tax benefits	10,187	7,036
Withholding tax on overseas income	1,106	1,027
Income tax at effective tax rate	<b>14,370</b>	<b>12,956</b>

## 11 DIVIDENDS

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

	The Group and the Company	
	2017 S\$'000	2016 S\$'000
2015 final tax-exempt (1-tier) dividend of 2.5 Singapore cents ("S cents") per share	–	4,073
2016 interim tax-exempt (1-tier) dividend of 3.0 S cents per share	–	4,793
2016 final tax-exempt (1-tier) dividend of 1.0 S cents per share	1,581	–
2017 interim tax-exempt (1-tier) dividend of 1.0 S cents per share	1,581	–
	<b>3,162</b>	<b>8,866</b>

- b) Proposed dividends at 31 March are as follows:

	The Group and the Company	
	2017 S\$'000	2016 S\$'000
Final tax-exempt (1-tier) dividend of 1.5 S cents (2016 : 1.0 S cents) per share	2,372	1,581

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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 12 EARNINGS PER SHARE

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

a) Earnings

	The Group	
	2017	2016
	S\$'000	S\$'000
Profit attributable to equity holders of the Company	3,488	2,397

b) Number of shares

	The Group	
	2017	2016
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	158,116,620	161,266,258

## 13 INVESTMENT PROPERTY

	The Group	
	2017	2016
	S\$'000	S\$'000
At 1 April	1,672	1,747
Fair value gain	191	–
Currency realignment	(72)	(75)
At 31 March	1,791	1,672

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 the property being valued.

The property rental income earned by the Group from its investment property which is leased out under operating leases, amounted to S\$146,800 (2016 : S\$200,000). Direct operating expenses arising from the investment property in the year amounted to S\$32,800 (2016 : S\$34,800).

Particulars of the investment property are as follows:

Description	Tenure	Fair value S\$'000	Valuation Technique	Unobservable inputs	Range of unobservable inputs
Pao Lou Keng, Gu Tang Au, Huizhou City, Guangdong, China					
A 10,200 square metre plot of land with a single-storey godown, a 3-storey composite building, a 2-storey workshop and several single-storey industrial buildings with gross floor area of 4,720 square metres	47 years from 2004	1,791	Depreciated replacement cost method	Building construction cost	RMB1,200 to RMB1,500/ square metre (2016 : RMB1,000 to RMB1,500/ square metre)

The investment property categorised under Level 3 of the fair value hierarchy are generally sensitive to the unobservable input tabled above. A significant movement of input would result in significant change to the fair value of the investment property.



## 14 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and buildings S\$'000	Leasehold land, buildings and leasehold improvements S\$'000	Machinery, moulds and equipment S\$'000	Assets under construction S\$'000	Furniture, fixtures, equipment and motor vehicles S\$'000	Total S\$'000
<b>The Group</b>							
Cost/Valuation:							
At 31 March 2015		24,183	142,305	402,707	11,207	44,809	625,211
Currency realignment		(1,414)	(7,605)	(18,516)	(663)	(1,657)	(29,855)
Transfer		–	808	6,376	(7,918)	734	–
Additions		–	1,724	5,124	9,834	2,666	19,348
Disposals and write-offs		(1,131)	(1,355)	(3,213)	(3)	(3,544)	(9,246)
At 31 March 2016		21,638	135,877	392,478	12,457	43,008	605,458
Currency realignment		(46)	(3,205)	4,048	(226)	665	1,236
Transfer		–	1,581	16,132	(18,813)	1,100	–
Additions		–	5,188	5,205	25,134	2,406	37,933
Disposals and write-offs		(676)	(3,937)	(59,811)	(14)	(3,891)	(68,329)
Assets reclassified as held for sale	36	–	(5,787)	–	–	–	(5,787)
At 31 March 2017		20,916	129,717	358,052	18,538	43,288	570,511
Represented by:							
At 31 March 2017							
Cost		15,458	129,717	358,052	18,538	43,288	565,053
Valuation		5,458	–	–	–	–	5,458
Total		20,916	129,717	358,052	18,538	43,288	570,511
At 31 March 2016							
Cost		15,678	135,877	392,478	12,457	43,008	599,498
Valuation		5,960	–	–	–	–	5,960
Total		21,638	135,877	392,478	12,457	43,008	605,458
Accumulated depreciation:							
At 31 March 2015		6,562	38,819	293,145	–	32,283	370,809
Currency realignment		(340)	(1,848)	(12,899)	–	(1,296)	(16,383)
Depreciation		274	3,530	12,839	–	2,536	19,179
Disposals and write-offs		(514)	(764)	(3,025)	–	(3,166)	(7,469)
At 31 March 2016		5,982	39,737	290,060	–	30,357	366,136
Currency realignment		173	(179)	3,435	–	126	3,555
Depreciation		199	4,317	11,702	–	2,268	18,486
Disposals and write-offs		(275)	(2,215)	(57,884)	–	(3,729)	(64,103)
Assets reclassified as held for sale	36	–	(4,730)	–	–	–	(4,730)
At 31 March 2017		6,079	36,930	247,313	–	29,022	319,344

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Note	Freehold land and buildings S\$'000	Leasehold land, buildings and leasehold improvements S\$'000	Machinery, moulds and equipment S\$'000	Assets under construction S\$'000	Furniture, fixtures, equipment and motor vehicles S\$'000	Total S\$'000
<b>The Group</b>							
Impairment loss:							
At 31 March 2015		–	5,039	37,048	–	762	42,849
Currency realignment		–	(358)	(1,678)	–	(9)	(2,045)
Charge for the year		–	–	4,479	–	–	4,479
At 31 March 2016		–	4,681	39,849	–	753	45,283
Currency realignment		–	(394)	2,436	–	(113)	1,929
Charge for the year		–	–	2,010	–	95	2,105
At 31 March 2017		–	4,287	44,295	–	735	49,317
Carrying amount:							
At 31 March 2017		14,837	88,500	66,444	18,538	13,531	201,850
At 31 March 2016		15,656	91,459	62,569	12,457	11,898	194,039

## 14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold Improvement S\$'000	Machinery, moulds and equipment S\$'000	Furniture, fixtures, equipment and motor vehicle S\$'000	Total S\$'000
<b>The Company</b>				
Cost:				
At 31 March 2015	540	110	4,914	5,564
Currency realignment	(9)	–	(100)	(109)
Additions	282	10	510	802
Disposals	(403)	–	(27)	(430)
At 31 March 2016	410	120	5,297	5,827
Currency realignment	11	–	90	101
Additions	3,236	454	406	4,096
At 31 March 2017	3,657	574	5,793	10,024
Accumulated depreciation:				
At 31 March 2015	433	60	4,284	4,777
Currency realignment	(9)	–	(100)	(109)
Depreciation	50	15	363	428
Disposals	(397)	–	(14)	(411)
At 31 March 2016	77	75	4,533	4,685
Currency realignment	4	–	85	89
Depreciation	347	48	289	684
At 31 March 2017	428	123	4,907	5,458
Carrying amount:				
At 31 March 2017	3,229	451	886	4,566
At 31 March 2016	333	45	764	1,142

The carrying amount of property, plant and equipment includes an amount of S\$216,000 (2016 : S\$234,000) for the Group 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\$5,458,000 (2016 : S\$5,960,000) 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 (2016 : 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\$14,213,000 (2016 : S\$14,981,000).

During the financial year, the Group carried out a review of the recoverable amount on certain property, plant and equipment. Arising from the review, an impairment loss of S\$2,105,000 (2016 : S\$4,479,000) was recognised to align the carrying amount of the plant and equipment to their recoverable amount. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 12% (2016 : 10.4%).

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

Location	Description	Tenure
<i>China</i>		
No. 128 Xinguang Road Ningbo Science and Technology Park Ningbo City, Zhejiang, China	A 147,282 square metre plot of land for factory and office building	50 years from 2005
365 Jingu Zhong Road (West) Yinzhou Investment and Business Centre Ningbo City, China	A 4-storey factory building with built-up area of 13,320 square metres	50 years from 2006
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
Gu Tang Au Industrial Development District, Huizhou City, Guangdong, China	A 13,034 square metre plot of land with a factory building and staff quarters with total built-up area of 11,149 square metres	50 years from 1997
	A 2,461 square metre plot of land with a factory building with built-up area of 1,692 square metres	50 years from 2003
	A 13,590 square metre plot of land with factory building, warehouse and staff quarters with a total built-up area of 7,680 square metres	50 years from 1997
<i>Malaysia</i>		
No. 5, Jalan Tampoi Tujuh, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor, Malaysia	A 19,653 square metre plot of land with a 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
Lot 19737, Jalan Tampoi 7/4, Taman Mulia, 81200 Johor Bahru, Johor, Malaysia	A 7,589 square metre plot of land with an office building and factory building with total built-up area of 4,640 square metres	Freehold
<i>Taiwan</i>		
No. 211 Chung Cheng Road, Section 2 Hukow, Hsin-chu 30302, Taiwan	A factory building and warehouse with total built-up area of 6,823 square metres	Freehold
<i>Vietnam</i>		
Road N3, Area C, Hoamac Industrial Zone, Hoamac Town, Duy Tien District, Hanam Province, Vietnam	A factory and office building with total built-up area of 14,011 square metres	43 years from 2015

## 15 INTEREST IN SUBSIDIARIES

	The Company	
	2017 S\$'000	2016 S\$'000
Unquoted equity shares, at cost	222,972	216,640
Less: Impairment loss	(115,676)	(115,356)
	107,296	101,284
Amounts due from subsidiaries (non-trade)	231,400	233,010
Financial guarantee contracts to subsidiaries	2,749	2,320
Total interest in subsidiaries	341,445	336,614

The amounts due from subsidiaries are interest free and form part of the Company's net investment in the subsidiaries. An amount of S\$1,949,000 (2016 : S\$3,760,000), included in the amounts due from subsidiaries, is interest bearing at interest rate of 5% per annum. 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.

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

## 16 INTEREST IN ASSOCIATES

	The Group		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cost of investment	47,080	62,665	16,382	16,382
Loan to associate	1,778	13,884	–	7,349
Share of post-acquisition reserves, net of dividends received	12,646	(10,206)	–	–
	61,504	66,343	16,382	23,731
Accumulated impairment loss	(8,782)	(20,014)	–	(7,349)
Total	52,722	46,329	16,382	16,382

Details of the associates are set out in Note 32 to the financial statements.

## 17 AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2017 S\$'000	2016 S\$'000
Equity shares:		
Quoted, at fair value	2,770	2,381
Unquoted, at cost	3,521	3,396
Total available-for-sale investments	6,291	5,777

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 18 GOODWILL ON CONSOLIDATION

	The Group	
	2017 S\$'000	2016 S\$'000
Cost:		
At 1 April	18,151	18,552
Currency realignment	664	(401)
At 31 March	18,815	18,151
Impairment:		
At 1 April	6,603	3,843
Currency realignment	242	(175)
Charge for the year	–	2,935
At 31 March	6,845	6,603
Carrying amount:		
At 31 March	11,970	11,548

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	
	2017 S\$'000	2016 S\$'000
Zhongyin (Ningbo) Battery Co. Ltd	6,549	6,318
Eastern Europe marketing and distribution network	4,138	3,992
GP Batteries (China) Limited	1,275	1,230
Others	8	8
	11,970	11,548

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 -3.3% to 13.1% (2016 : Nil% to 17.6%). The rates used to discount the cash flow forecasts ranges from approximately 11.0% to 14.8% (2016 : 12.2% to 16.2%).

## 18 GOODWILL ON CONSOLIDATION (cont'd)

### Sensitivity analysis

If management's estimate of discount rate increases or decreases by 1%, the impact on the value in use will be as follows:

	2017		2016	
	Increase by 1% S\$'000	Decrease by 1% S\$'000	Increase by 1% S\$'000	Decrease by 1% S\$'000
Zhongyin (Ningbo) Battery Co. Ltd	(14,040)	16,809	(12,052)	14,186
Eastern Europe marketing and distribution network	(1,824)	2,128	(1,331)	1,517
GP Batteries (China) Limited	(1,115)	1,335	(926)	1,088

As at March 31, 2017, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

During the year, the Group carried out a review of the recoverable amount of the CGUs. The review led to the recognition of an impairment loss on goodwill of S\$Nil (2016 : S\$2,935,000). Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the recoverable amounts of the CGUs are appropriate. Accordingly, no allowance or further allowance impairment loss is required.

## 19 STOCKS

	The Group	
	2017 S\$'000	2016 S\$'000
Raw materials		
At cost	21,866	19,949
At net realisable value	127	99
Work in progress		
At cost	37,544	45,892
At net realisable value	319	–
Finished goods		
At cost	46,241	43,870
At net realisable value	1,113	543
	<b>107,210</b>	<b>110,353</b>

The cost of inventories recognised as an expense includes S\$3,029,000 (2016 : S\$2,922,000) in respect of write-downs of inventory to net realisable value, and has been reduced by S\$Nil (2016 : S\$116,000) 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 20 DEBTORS

	Note	The Group		The Company	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<i>Trade</i>					
Outside parties		<b>123,386</b>	107,648	–	–
Amounts due from:					
Associates	32	<b>8,342</b>	6,671	<b>18</b>	17
Subsidiaries	31	–	–	<b>50,544</b>	50,987
Related parties	33	<b>13</b>	96	–	–
		<b>131,741</b>	114,415	<b>50,562</b>	51,004
<i>Less:</i>					
Allowance for doubtful debts					
Outside parties		<b>(7,714)</b>	(7,278)	–	–
Associates		–	(336)	–	–
		<b>124,027</b>	106,801	<b>50,562</b>	51,004
<i>Non-trade</i>					
Outside parties		<b>18,167</b>	12,504	<b>619</b>	304
Amounts due from:					
Associates	32	<b>659</b>	26,659	<b>306</b>	4,641
Subsidiaries	31	–	–	<b>82,918</b>	86,463
Related parties	33	<b>698</b>	42	<b>22</b>	2
		<b>19,524</b>	39,205	<b>83,865</b>	91,410
<i>Less:</i>					
Allowance for doubtful debts					
Associates		<b>(252)</b>	(22,521)	<b>(252)</b>	(4,558)
Subsidiaries		–	–	<b>(38,927)</b>	(37,808)
		<b>19,272</b>	16,684	<b>44,686</b>	49,044
Total		<b>143,299</b>	123,485	<b>95,248</b>	100,048

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 (2016 : 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\$28,302,000 (2016 : S\$29,762,000) 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 (2016 : 2 months).

Included in allowance for doubtful debts were (a) specific allowance against trade debtors of S\$809,000 and S\$Nil for the Group and Company respectively (2016 : S\$573,000 and S\$Nil respectively); and (b) specific allowance against non-trade debtors of S\$252,000 and S\$39,179,000 for the Group and Company respectively (2016 : S\$22,521,000 and S\$42,366,000 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.

As at 31 March 2017, there was an amount due from the non-controlling interest amounting to S\$22,981,000 (2016:S\$26,060,000) and an allowance for doubtful debts of S\$4,445,000 (2016:S\$4,580,000).



## 20 DEBTORS (cont'd)

Movements in the allowance for doubtful debts (trade):

	The Group	
	2017 S\$'000	2016 S\$'000
Balance at 1 April	7,614	10,150
Currency realignment	119	(257)
Allowance utilised	(540)	(2,016)
Allowance write back	(307)	(388)
Charge for the year	828	125
Balance at 31 March	7,714	7,614

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

	The Group		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Balance at 1 April	22,521	25,832	42,366	44,757
Currency realignment	–	(636)	618	(454)
Allowance utilised	(22,269)	(2,675)	(4,376)	(1,997)
Allowance write back	–	–	(54)	–
Charge for the year	–	–	625	60
Balance at 31 March	252	22,521	39,179	42,366

## 21 DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Deposits	9,648	7,376	1,589	4,635
Prepayments	12,078	6,623	1,161	396
	21,726	13,999	2,750	5,031

Presented in the statements of financial position as:

	The Group		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Non-current assets	6,052	3,095	952	3,046
Current assets	15,674	10,904	1,798	1,985
	21,726	13,999	2,750	5,031

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 22 CREDITORS AND ACCRUED CHARGES

	Note	The Group		The Company	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Trade					
Outside parties		<b>108,894</b>	89,062	–	–
Amounts due to:					
Associates	32	<b>22,222</b>	20,590	–	–
Accrued charges		<b>25,454</b>	23,920	<b>2,367</b>	2,710
Other payables		<b>23,422</b>	6,398	<b>883</b>	739
Non-trade					
Amounts due to:					
Subsidiaries	31	–	–	<b>93,698</b>	96,864
Associates	32	<b>75</b>	3,274	–	–
Related parties	33	<b>484</b>	409	<b>229</b>	97
Total		<b>180,551</b>	143,653	<b>97,177</b>	100,410

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 (2016 : 60 to 90 days).

## 23 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2017 S\$'000	2016 S\$'000
Commodity forward contracts	–	497

The Group uses commodity forward contracts to manage the risk arising from price fluctuation of its raw material.

As at 31 March 2016, major terms of these contracts were as follows:

Currency	Commodity	Quantity (in metric tonnes)	Maturity	Commodity forward price
USD	Nickel	7	July 2016	USD14,335/metric tonne
USD	Nickel	7	August 2016	USD14,335/metric tonne
USD	Nickel	7	September 2016	USD14,335/metric tonne
USD	Nickel	7	October 2016	USD14,335/metric tonne
USD	Nickel	10	October 2016	USD12,800/metric tonne
USD	Nickel	7	November 2016	USD14,335/metric tonne
USD	Nickel	10	November 2016	USD12,800/metric tonne
USD	Nickel	7	December 2016	USD14,335/metric tonne
USD	Nickel	10	December 2016	USD12,800/metric tonne

The Group did not adopt hedge accounting in respect of these commodity contracts. As at 31 March 2016, the fair values of these commodity contracts were estimated at a loss of S\$497,000. The fair values were determined by reference to the forward price of related metals quoted from London Metal Exchange as at 31 March 2016. There are no outstanding commodity contracts as at 31 March 2017.

## 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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>The Group</b>				
Within 1 year	192	211	87	113
Within 2 to 5 years	106	81	94	79
	<b>298</b>	292	<b>181</b>	192
Less: Future finance charges	(117)	(100)		
Present value of lease obligations	<b>181</b>	192		
Less: Amounts due within 1 year	(87)	(113)		
Amounts due within 2 to 5 years	<b>94</b>	79		

It is the Group's and Company's policy to lease certain of its equipment and motor vehicles under finance leases. The average lease term is 5 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		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Unsecured:				
Bank loans	154,379	136,575	119,410	112,651
Import and export loans	21,265	24,882	–	–
	<b>175,644</b>	161,457	<b>119,410</b>	112,651
Carrying amount:				
Repayable within 12 months and contain a repayment on demand clause	143,325	115,317	93,047	66,511
Not repayable within 12 months but contain a repayment on demand clause	8,951	2,825	4,462	2,825
Under current liabilities	<b>152,276</b>	118,142	<b>97,509</b>	69,336
Repayable after 12 months under non-current liabilities	23,368	43,315	21,901	43,315
	<b>175,644</b>	161,457	<b>119,410</b>	112,651

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 25 BANK LOANS AND OVERDRAFTS (cont'd)

Bank loans are arranged at floating rates (with effective interest rates set out in Note 3 to the financial statements) and their carrying amounts approximate their fair values. Bank loan of the Company amounting to S\$77,856,000 (2016 : S\$95,078,000) have obligations performance guaranteed by certain subsidiaries. As at 31 March 2017, the Group has the following principal term loans:

- a) A syndicated term loan of S\$44.2 million (2016: S\$51 million) with six banks at interest rates between 2.83% to 3.27%. Repayment commenced in October 2015, and is repayable over 11 quarterly instalments of S\$6,800,000 each with a final instalment of S\$10,200,000.
- b) A loan of US\$2.5 million with interest rate of 3.96%. Repayment commenced in December 2016, and is repayable over 12 quarterly instalments of US\$250,000 each.
- c) A loan of US\$2.5 million with interest rate of 2.92%. Repayment will commence in April 2018, and is repayable over 5 half yearly instalments of US\$500,000 each.
- d) A loan of US\$2.1 million with interest rate of 2.92%. Repayment commenced in June 2016, and is repayable over 5 half yearly instalments of US\$500,000 each.
- e) A loan of HKD25 million with interest rate of 2.97%. Repayment commenced in December 2016, and is repayable over 36 monthly instalments of HKD826,672 each.

## 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 property S\$'000	Tax losses S\$'000	Foreign undistributed reserves S\$'000	Others S\$'000	Total S\$'000
<i>Deferred tax liabilities</i>						
At 31 March 2015	1,903	114	–	922	378	3,317
Currency realignment	(131)	(3)	–	(30)	(43)	(207)
(Credit) Charge to profit or loss	(880)	–	–	308	(330)	(902)
At 31 March 2016	892	111	–	1,200	5	2,208
Currency realignment	(78)	4	–	48	19	(7)
(Credit) Charge to profit or loss	462	48	–	303	(95)	718
At 31 March 2017	1,276	163	–	1,551	(71)	2,919
<i>Deferred tax assets</i>						
At 31 March 2015	(1,421)	–	(178)	–	(2,062)	(3,661)
Currency realignment	90	–	2	–	57	149
Credit to profit or loss	–	–	(14)	–	(203)	(217)
At 31 March 2016	(1,331)	–	(190)	–	(2,208)	(3,729)
Currency realignment	45	–	–	–	(80)	(35)
Charge (credit) to profit or loss	294	–	(183)	–	104	215
At 31 March 2017	(992)	–	(373)	–	(2,184)	(3,549)

## 26 DEFERRED TAX (cont'd)

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

	The Group	
	2017 S\$'000	2016 S\$'000
Unutilised tax losses	290,825	258,593
Difference in accounting and tax depreciation	(63)	(77)
	<b>290,762</b>	<b>258,516</b>

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\$24,408,000 (2016 : S\$12,755,000) for subsidiaries in the PRC that will expire within five years under the current PRC tax legislation.

## 27 SHARE CAPITAL

	The Group and the Company			
	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 S\$'000	2016 S\$'000
Issued and paid-up:				
At 1 April and 31 March	<b>164,806,752</b>	164,806,752	<b>257,400</b>	257,400

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.

## 28 TREASURY SHARES

	The Group and the Company			
	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 S\$'000	2016 S\$'000
At 1 April	6,685,200	–	6,084	–
On-market purchases	5,000	6,685,200	4	6,084
At 31 March	<b>6,690,200</b>	6,685,200	<b>6,088</b>	6,084

The Company acquired 5,000 (2016: 6,685,200) of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was S\$4,000 (2016: S\$6,084,000) and has been deducted from the shareholders' equity. The shares are held as "treasury shares".

## 29 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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Within 1 year	7,583	7,749	3,690	4,028
After 1 year and within 5 years	22,547	23,622	12,428	14,248
After 5 years	2,400	4,301	–	1,907
	<b>32,530</b>	<b>35,672</b>	<b>16,118</b>	<b>20,183</b>

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 1 to 15 years.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 29 COMMITMENTS (cont'd)

### a) Operating lease arrangements (cont'd)

*The Group as lessor:*

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

	The Group		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Within 1 year	393	950	149	1,446
After 1 year and within 5 years	718	1,894	93	4
After 5 years	330	661	–	–
	<b>1,441</b>	<b>3,505</b>	<b>242</b>	<b>1,450</b>

### b) Capital expenditure commitments

	The Group	
	2017 S\$'000	2016 S\$'000
Capital expenditure contracted but not provided for	13,755	3,318
Capital expenditure authorised but not contracted for	1,168	2,499
	<b>14,923</b>	<b>5,817</b>

### 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 2017 and 2016, the Company has undertaken to provide financial support to some of its subsidiaries.

## 30 CONTINGENT LIABILITIES - UNSECURED

	The Group		The Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Guarantees given in respect of banking and other facilities granted to subsidiaries (Notes 15 and 31)	–	–	274,922	235,258
Others	1,412	26	–	–
	<b>1,412</b>	<b>26</b>	<b>274,922</b>	<b>235,258</b>

The maximum amount that the Company could be forced to settle under the financial guarantee contract if the full guaranteed amount is claimed by the counter-party to the guarantee is S\$274,922,000 (2016 : S\$235,258,000). The earliest period that the guarantee could be called is within one year (2016 : one year) from the end of the reporting period. The Company considers that it is more likely than not that no amount will be payable under the arrangement.

## 31 SUBSIDIARIES

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2017	2016
Investment holding	Hong Kong	7	7
Investment holding	Others	2	2
Manufacturing of batteries	Hong Kong	2	2
Manufacturing of batteries	Malaysia	1	1
Manufacturing of batteries	People's Republic of China	7	8
Marketing and trading in batteries	Hong Kong	2	2
Marketing and trading in batteries	Malaysia	1	1
Marketing and trading in batteries	People's Republic of China	1	1
Marketing and trading in batteries	Others	5	5
Others		10	12
		<b>38</b>	<b>41</b>

Principal activities	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2017	2016
Manufacturing of batteries	People's Republic of China	3	3
Manufacturing of batteries	Taiwan	1	1
Manufacturing of batteries	Vietnam	1	1
Marketing and trading in batteries	People's Republic of China	2	2
Marketing and trading in batteries	Others	1	1
Others		–	1
		<b>8</b>	<b>9</b>

Details of the principal subsidiary companies at 31 March 2017 are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017 %	2016 %	
Dongguan Chao Ba Batteries Co Ltd <sup>(i) &amp; (iv)</sup>	People's Republic of China	100	100	Manufacturing of batteries
Gold Peak Industries (Taiwan) Limited <sup>(iii)</sup>	Taiwan	80	80	Manufacturing of batteries
GP Batteries (Americas) Inc <sup>(i) &amp; (v)</sup>	United States of America	100	100	Marketing and trading in batteries
GP Batteries (China) Limited <sup>(i)</sup>	People's Republic of China	100	100	Manufacturing of batteries
GP Batteries (Malaysia) Sdn Bhd <sup>(iii)</sup>	Malaysia	100	100	Manufacturing of batteries

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 31 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017 %	2016 %	
GP Batteries (Shenzhen) Co., Ltd <sup>(i) &amp; (iv)</sup>	People's Republic of China	100	100	Manufacturing of batteries
GP Batteries (U.K.) Limited <sup>(i) &amp; (v)</sup>	United Kingdom	100	100	Marketing and trading in batteries
GP Batteries (Vietnam) Limited Liability Company <sup>(iii)</sup>	Vietnam	79	79	Manufacturing of batteries
GP Battery Marketing (H.K.) Limited <sup>(i) &amp; (iii)</sup>	Hong Kong	100	100	Marketing and trading in batteries
GP Battery Marketing (Korea) Limited <sup>(i) &amp; (v)</sup>	South Korea	90	90	Marketing and trading in batteries
GP Battery Marketing (Malaysia) Sdn Bhd <sup>(v)</sup>	Malaysia	100	100	Marketing and trading in batteries
GP Battery Marketing (Singapore) Pte Ltd <sup>(ii)</sup>	Singapore	100	100	Marketing and trading in batteries
GP Battery (Poland) Sp. z.o.o. <sup>(i) &amp; (v)</sup>	Poland	100	100	Marketing and trading in batteries
GP Battery Technology (HK) Limited <sup>(iii)</sup>	Hong Kong	100	100	Investment holding
GPI International Limited <sup>(iii)</sup>	Hong Kong	100	100	Marketing and trading in batteries
Huizhou Chao Ba Batteries Co Ltd <sup>(i) &amp; (v)</sup>	People's Republic of China	90	90	Marketing and trading in batteries
Huizhou Modern Battery Limited <sup>(i) &amp; (iv)</sup>	People's Republic of China	100	100	Manufacturing of batteries
Ningbo Fubang Battery Co Ltd <sup>(vi)</sup>	People's Republic of China	72	72	Manufacturing of batteries
Ningbo GP Energy Co., Ltd <sup>(vi)</sup>	People's Republic of China	90	90	Manufacturing of batteries
Sylva Industries (China) Limited <sup>(i) &amp; (iii)</sup>	Hong Kong	100	100	Investment holding
Sylva Industries Limited <sup>(iii)</sup>	Hong Kong	100	100	Manufacturing of batteries



### 31 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017 %	2016 %	
Vectrix International Limited <sup>(i) &amp; (iii)</sup>	Hong Kong	100	100 [Note 35]	Holding of intellectual properties
Whitehill Electrochemical Company Limited <sup>(i) &amp; (iii)</sup>	Hong Kong	100	100	Investment holding and provision of logistic support
Zhongyin (Ningbo) Battery Co. Ltd <sup>(iv)</sup>	People's Republic of China	70	70	Manufacturing of batteries

<sup>(i)</sup> Held by subsidiaries of the Company

<sup>(ii)</sup> Audited by Deloitte & Touche LLP, Singapore

<sup>(iii)</sup> Audited by overseas practices of Deloitte Touche Tohmatsu Limited

<sup>(iv)</sup> Audited by overseas practices of Deloitte Touche Tohmatsu Limited for consolidation purposes

<sup>(v)</sup> Audited by other accounting firms as these subsidiaries are not significant

<sup>(vi)</sup> Audited by Grant Thornton Zhejiang Office for consolidation purposes

Details of non wholly-owned subsidiaries that have material non-controlling interests:

Name of subsidiaries	Country of incorporation and place of business	Proportion of ownership interest/voting power held by the non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017 %	2016 %	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Ningbo Fubang Battery Co Ltd	People's Republic of China	28	28	1,436	1,562	10,826	9,713
Zhongyin (Ningbo) Battery Co. Ltd	People's Republic of China	30	30	10,743	9,769	59,909	58,279
Individually immaterial subsidiaries with non-controlling interests				(822)	1,961	10,134	12,668
				11,357	13,292	80,869	80,660

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 31 SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below:

	Zhongyin (Ningbo) Battery Co. Ltd		Ningbo Fubang Battery Co Ltd	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Current assets	152,517	130,935	41,654	35,941
Non-current assets	124,558	127,624	9,863	10,983
Current liabilities	(97,649)	(85,454)	(8,453)	(7,838)
Equity attributable to owners of the Company	119,517	114,826	32,238	29,373
Non-controlling interests	59,909	58,279	10,826	9,713
Revenue	371,086	347,339	50,202	45,005
Expenses	(49,321)	(46,081)	(3,671)	(4,093)
Profit for the year	35,811	32,564	5,130	5,580
Profit attributable to:				
Owners of the Company	25,068	22,795	3,694	4,018
Non-controlling interests	10,743	9,769	1,436	1,562
Profit for the year	35,811	32,564	5,130	5,580
Other comprehensive income attributable to:				
Owners of the Company	(3,615)	(7,521)	(829)	(1,698)
Non-controlling interests	(1,548)	(3,221)	(323)	(622)
Other comprehensive income for the year	(5,163)	(10,742)	(1,152)	(2,320)
Total comprehensive income attributable to:				
Owners of the Company	21,453	15,274	2,865	2,320
Non-controlling interests	9,195	6,548	1,113	940
Total comprehensive income for the year	30,648	21,822	3,978	3,260
Dividends paid to non-controlling interests	7,565	6,524	–	–
Net cash inflow (outflow) from				
operating activities	48,028	53,555	2,726	6,958
investing activities	(8,690)	(5,736)	(329)	(1,873)
financing activities	(23,365)	(30,181)	–	–
Net cash inflow (outflow)	15,973	17,638	2,397	5,085

## 32 ASSOCIATES

Details of the principal associate companies at 31 March 2017 are as follows:

Name of associates	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017 %	2016 %	
AZ Limited <sup>(i) &amp; (vi)</sup>	Russia	40	40	Marketing and trading in batteries
Changzhou Lithium Batteries Ltd <sup>(i) &amp; (iv)</sup>	People's Republic of China	40	40	Manufacturing of batteries
Ningbo Fengyin Battery Co., Ltd <sup>(i) &amp; (iv)</sup>	People's Republic of China	32	32	Manufacturing and trading of battery materials
Gold Yi Industry Company Limited <sup>(i) &amp; (iv)</sup>	People's Republic of China	30	30	Marketing and trading in batteries
GP Battery Marketing (Germany) GmbH <sup>(i) &amp; (iii)</sup>	Germany	50	50	Marketing and trading in batteries
GP Battery Marketing (Middle East) Limited (FZC) <sup>(i) &amp; (iv)</sup>	United Arab Emirates	50	50	Marketing and trading in batteries
GP Battery Marketing (Thailand) Co Ltd <sup>(i) &amp; (iv)</sup>	Thailand	49	49	Marketing and trading in batteries
GWA Energy, Inc <sup>(i) &amp; (iv)</sup>	Taiwan	41	41	Marketing and trading in batteries
Hanoi Battery Joint Stock Company <sup>(iv)</sup>	Vietnam	30	30	Manufacturing of batteries
Lichton International Limited <sup>(i) &amp; (iv)</sup>	Hong Kong	33.33	33.33	Marketing and trading in lighting products
STL Technology Co., Ltd <sup>(i) &amp; (iii)</sup>	Taiwan	34.46	34.46	Manufacturing of battery packs and products
STL Technology (SIP) Co., Ltd <sup>(iii) &amp; (v)</sup>	People's Republic of China	34.46	34.46	Manufacturing of battery packs and products
T.G. Battery Co (China) Ltd <sup>(ii) &amp; (v)</sup>	People's Republic of China	42.5	42.5	Manufacturing of batteries
T.G. Battery Co (Hong Kong) Limited <sup>(iii)</sup>	Hong Kong	50	50	Investment holding and provision of logistic support

<sup>(i)</sup> Held by subsidiaries of the Company

<sup>(ii)</sup> Held by associates of the Company

<sup>(iii)</sup> Audited by overseas practices of Deloitte Touche Tohmatsu Limited

<sup>(iv)</sup> Audited by other accounting firms as these associates are not significant

<sup>(v)</sup> The results of the associates which are included in the audited consolidated financial statements of their respective holding companies are not separately audited as it is not significant

<sup>(vi)</sup> Audited by Nexia Finance Group, Moscow for consolidation purposes

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 32 ASSOCIATES (cont'd)

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

	AZ Limited	
	2017 S\$'000	2016 S\$'000
Current assets	49,567	33,632
Non-current assets	7,594	6,294
Current liabilities	(26,665)	(20,013)
Revenue	71,492	63,753
Profit for the year	4,774	1,645
Other comprehensive income (loss) for the year	5,809	(3,633)
Total comprehensive income (loss) for the year	10,583	(1,988)
Dividends received from the associate during the year	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	AZ Limited	
	2017 S\$'000	2016 S\$'000
Net assets of the associate	30,496	19,913
Proportion of the Group's ownership	40%	40%
Share of net assets of the associate	12,198	7,965
Others	(390)	(191)
Carrying amount of the Group's interest	11,808	7,774

	STL Technology Co., Ltd & its subsidiaries	
	2017 S\$'000	2016 S\$'000
Current assets	52,004	38,131
Non-current assets	7,019	7,502
Current liabilities	(23,425)	(15,136)
Non-current liabilities	(63)	(42)
Revenue	79,321	73,781
Profit for the year	2,055	2,804
Other comprehensive income (loss) for the year	3,025	(1,280)
Total comprehensive income for the year	5,080	1,524
Dividends received from the associate during the year	–	–

## 32 ASSOCIATES (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	<b>STL Technology Co., Ltd &amp; its subsidiaries</b>	
	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
Net assets of the associate	<b>35,535</b>	30,455
Proportion of the Group's ownership	<b>34.46%</b>	34.46%
Share of net assets of the associate	<b>12,245</b>	10,495
Others	<b>(131)</b>	(38)
Carrying amount of the Group's interest	<b>12,114</b>	10,457

	<b>T.G. Battery Co (Hong Kong) Limited &amp; its subsidiary</b>	
	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
Current assets	<b>60,030</b>	59,297
Non-current assets	<b>6,072</b>	5,786
Current liabilities	<b>(30,674)</b>	(31,382)
Revenue	<b>122,803</b>	122,638
Profit for the year	<b>3,520</b>	2,355
Other comprehensive loss for the year	<b>(575)</b>	(1,861)
Total comprehensive income for the year	<b>2,945</b>	494
Dividends received from the associate during the year	<b>609</b>	888

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	<b>T.G. Battery Co (Hong Kong) Limited &amp; its subsidiary</b>	
	<b>2017</b>	2016
	<b>S\$'000</b>	S\$'000
Net assets of the associate	<b>35,428</b>	33,701
Proportion of the Group's ownership	<b>50%</b>	50%
Share of net assets of the associate	<b>17,714</b>	16,851
Others	<b>11</b>	512
Carrying amount of the Group's interest	<b>17,725</b>	17,363

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 32 ASSOCIATES (cont'd)

	2017 S\$'000	2016 S\$'000
Aggregate information of associates that are not individually material:		
The Group's share of		
Profit for the year	919	753
Other comprehensive loss	(381)	(552)
Total comprehensive income	538	201
Aggregate carrying amount of the Group's interests in these associates	11,075	10,735
Unrecognised share of profits (losses) of associates:		
Share of unrecognised profits (loss) for the year	4,587	(26)
Cumulative share of loss	(208)	(4,795)

## 33 RELATED PARTY TRANSACTIONS

The Company's immediate holding company is GP Industries Limited. Gold Peak Industries (Holdings) Limited is the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate and immediate holding companies' group of companies. 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	
	2017 S\$'000	2016 S\$'000
<b>Ultimate holding company</b>		
Rental income and other services received	(86)	(17)
Rental and other services paid	-	2,605
<b>Immediate holding company</b>		
Other services received	(18)	(18)
Rental and other services paid	222	224
<b>Related companies</b>		
Sales	(31)	(398)
Rental income received	(222)	(102)
Purchases	-	4
Design fee paid	129	130
Other services paid	71	593

### 33 RELATED PARTY TRANSACTIONS (cont'd)

	The Group	
	2017 S\$'000	2016 S\$'000
<b>Associates</b>		
Sales	(26,748)	(23,295)
Purchases	88,353	87,492
Commission expenses	142	–
Outsourcing fee	365	249
Dividend income	(1,409)	(1,194)
Interest income	(42)	(110)
Management fee income	(220)	(238)
Rental income	(371)	(333)
Royalty income	(163)	(171)
Sundry income	–	(166)
The remuneration of key management personnel are as follows:		
Short-term benefits	3,399	3,157

### 34 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.

#### 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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Asia				
PRC (including Hong Kong)	347,720	351,930	198,745	208,804
Other parts of Asia	92,998	99,799	64,191	39,770
	440,718	451,729	262,936	248,574
North and South America	114,907	151,846	91	404
Europe and others	204,217	161,679	17,649	13,482
	759,842	765,254	280,676	262,460

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 the above presentation.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

## 34 SEGMENT INFORMATION (cont'd)

Other information

	The Group	
	2017	2016
	%	%
<i>Revenue by products</i>		
Primary cylindrical	58.9	57.4
Primary specialty	21.8	21.7
Rechargeable	17.4	19.3
Others	1.9	1.6
	<b>100.0</b>	<b>100.0</b>

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

## 35 ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the financial year ended 31 March 2016, the Group acquired 30,000 ordinary shares in the capital of Vectrix International Limited ("Vectrix International"), representing the entire issued share capital of Vectrix International, from Vectrix Holdings Limited, an associated company of the Group, for a nominal consideration of HK\$1. As a result of the acquisition, Vectrix International became an indirect wholly-owned subsidiary of the Group.

## 36 ASSET HELD FOR SALE

	Note	The Group	
		2017	2016
		S\$'000	S\$'000
Reclassified from property, plant and equipment	14	<b>1,057</b>	–

During the financial year ended 31 March 2017, the Group entered into a Sales and Purchase Agreement to dispose of a property in the People's Republic of China for a consideration of RMB105 million (approximately S\$21 million). The disposal is expected to complete in the next financial year.

## 37 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 statement of profit or loss and consolidated statement of cash flows, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The following tables set out the restated balances in the consolidated statement of profit or loss, consolidated statement of cash flows.

	March 31, 2016	
	Previously reported	After classification
	S\$'000	S\$'000
<b>Consolidated statement of profit or loss</b>		
Administrative expenses	(88,974)	(88,443)
Finance costs	(6,353)	(6,884)
<b>Consolidated statement of cash flows</b>		
Finance costs	6,353	6,884
Other short-term bank loans obtained (paid)	(34,687)	(35,218)



## 38 EVENTS AFTER REPORTING PERIOD

Subsequent to year end, the Company's 70%-owned subsidiary, Zhongyin (Ningbo) Battery Co., Ltd ("ZYNB"), has incorporated a wholly-owned subsidiary, Ningbo GP Pairdeer Batteries Co. Ltd in China, with a registered capital of RMB500 million (approximately S\$101 million), in connection with an intended internal corporate restructuring of ZYNB and its subsidiaries.

## 39 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 are 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 14 to the financial statements.

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

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

The carrying amount of property, plant and equipment at the end of each reporting period is disclosed in Note 14 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Year ended 31 March 2017

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

### Key sources of estimation uncertainty (cont'd)

(d) *Allowances for bad and doubtful debts*

The Group 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 Notes 16 and 20 to the financial statements.

(e) *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. The carrying value of the investments in subsidiaries and associates are set out in Notes 15 and 16 to the financial statements.

(f) *Allowance for stocks*

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.