

CHLORIDE BATTERIES S.E. ASIA PTE LIMITED

(Incorporated in Singapore)

DIRECTORS

Winston Wong
Rajesh Kapadia
Chng Hee Teck
Gautam Chatterjee
T V Ramanathan

SECRETARY

Kuang Sing Bee

REGISTERED OFFICE

106 Neythal Road
Singapore 628594

AUDITORS

Ernst & Young LLP

BANKER

The Hongkong and Shanghai
Banking Corporation Limited

DIRECTORS' REPORT

The directors present their report to the member together with the audited consolidated financial statements of Chloride Batteries S.E. Asia Pte Limited (the "Company") and its subsidiary (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2010.

Directors

The directors of the Company in office at the date of this report are:

Winston Wong
Rajesh Kapadia
Chng Hee Teck
Gautam Chatterjee
T V Ramanathan

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in

shares of the holding company as stated below:

Name of director and company in which interest held	Description of interest	Shareholdings registered in the name of director		Shareholdings in which director is deemed to have an interest	
		At 31.3.2010	At 31.3.2009	At 31.3.2010	At 31.3.2009
T V Ramanathan <i>Exide Industries Limited</i>	Ordinary shares	45,839	45,839	27,624	27,624
Gautam Chatterjee <i>Exide Industries Limited</i>	Ordinary shares	—	2,000	—	—

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors:

Winston Wong
Chng Hee Teck
Directors

Singapore, 22 April, 2010

STATEMENT BY DIRECTORS

We, Winston Wong and Chng Hee Teck, being two of the directors of Chloride Batteries S.E. Asia Pte Limited, do hereby state that, in the opinion of the directors,

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors:

Winston Wong
Chng Hee Teck
Directors

Singapore, 22 April, 2010

Independent Auditors' Report

For the financial year ended 31 March 2010

To The Member of Chloride Batteries S.E. Asia Pte Limited

We have audited the accompanying financial statements of Chloride Batteries S.E. Asia Pte Limited (the "Company") and its subsidiary (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2010, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on

the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore, 22 April, 2010

Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2010

	Notes	2010 \$	2009 \$
Sale of goods		36,915,791	40,020,521
Other operating income	4	295,384	504,957
		<u>37,211,175</u>	<u>40,525,478</u>
Increase in inventories of manufactured finished goods and work-in-progress		84,732	141,853
Raw materials consumed		(6,748,906)	(5,253,997)
Cost of purchased trading goods sold		(22,009,823)	(27,705,914)
Staff costs	5	(2,886,250)	(2,618,782)
Depreciation of property, plant and equipment	9	(196,028)	(244,040)
Other operating expenses	6	(4,030,681)	(3,785,802)
Interest income		1,609	590
Interest expenses	7	(3,486)	(96,323)
Profit before tax		<u>1,422,342</u>	<u>963,063</u>
Income Tax expense	8	(258,508)	(159,688)
Profit net of tax		<u>1,163,834</u>	<u>803,375</u>
Other comprehensive income			
Effect of reduction in tax rate on other comprehensive income		—	10,106
Total comprehensive income for the year		<u>1,163,834</u>	<u>813,481</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEET

AS AT 31 MARCH 2010

		Group		Company	
	Note	2010 \$	2009 \$	2010 \$	2009 \$
Non-current assets					
Property, plant and equipment	9	2,350,416	2,400,726	2,350,416	2,400,726
Investments in subsidiary	10	—	—	3,000	3,000
		<u>2,350,416</u>	<u>2,400,726</u>	<u>2,353,416</u>	<u>2,403,726</u>
Current assets					
Inventories	11	6,479,386	6,738,683	6,479,386	6,738,683
Trade and other receivables	12	9,952,332	9,980,981	9,952,332	9,980,981
Prepaid operating expenses		11,653	53,757	11,653	53,757
Cash and cash equivalents	13	1,140,815	556,898	1,140,815	556,898
		<u>17,584,186</u>	<u>17,330,319</u>	<u>17,584,186</u>	<u>17,330,319</u>
Current liabilities					
Provisions	14	864,382	661,872	864,382	661,872
Income tax payable		303,584	184,324	303,584	184,324
Loans and borrowings	15	—	1,369,992	—	1,369,992
Trade and other payables	16	5,417,913	5,198,805	5,417,913	5,198,805
Accrued operating expenses		1,328,740	1,418,964	1,328,740	1,418,964
		<u>7,914,619</u>	<u>8,833,957</u>	<u>7,914,619</u>	<u>8,833,957</u>
Net current assets		9,669,567	8,496,362	9,669,567	8,496,362
Non current liability					
Deferred tax liability	17	(151,597)	(192,536)	(151,597)	(192,536)
Net assets		<u>11,868,386</u>	<u>10,704,552</u>	<u>11,871,386</u>	<u>10,707,552</u>
Equity attributable to equity holder of the Company					
Share capital	18	9,736,500	9,736,500	9,736,500	9,736,500
Reserves		<u>2,131,886</u>	<u>968,052</u>	<u>21,34,886</u>	<u>971,052</u>
Total equity		<u>11,868,386</u>	<u>10,704,552</u>	<u>118,71,386</u>	<u>10,707,552</u>

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

Group	Equity attributable to owner of the parent				
	Share capital \$	Revaluation Reserve ⁽¹⁾ \$	Retained Earnings/ (Accumulated Losses) \$	Total Reserves \$	Total Equity \$
Balance at 1 April 2009	9,736,500	1,543,183	(575,131)	968,052	10,704,552
Profit net of tax, representing total comprehensive income for the year	—	—	1,163,834	1,163,834	1,163,834
Balance at 31 March 2010	<u>9,736,500</u>	<u>1,543,183</u>	<u>588,703</u>	<u>2,131,886</u>	<u>11,868,386</u>
Group	Equity attributable to owner of the parent				
	Share capital \$	Revaluation Reserve ⁽¹⁾ \$	Accumulated Losses \$	Total Reserves \$	Total Equity \$
Balance at 1 April 2008	9,736,500	1,533,077	(1,378,506)	154,571	9,891,071
Profit net of tax	—	—	803,375	803,375	803,375
Other comprehensive income for the year	—	10,106	—	10,106	10,106
Total comprehensive income for the year	—	10,106	803,375	813,481	813,481
Balance at 31 March 2009	<u>9,736,500</u>	<u>1,543,183</u>	<u>(575,131)</u>	<u>968,052</u>	<u>10,704,552</u>

⁽¹⁾ The revaluation reserve relates to surplus arising on revaluation of property, plant and equipment.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

Company	Share capital	Revaluation Reserve ⁽¹⁾	Retained Earnings/ (Accumulated Losses)	Total Reserves	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 April 2009	9,736,500	1,543,183	(572,131)	971,052	107,07,552
Profit net of tax, representing total comprehensive income for the year	—	—	1,163,834	1,163,834	1,163,834
Balance at 31 March 2010	9,736,500	1,543,183	591,703	21,34,886	11,871,386
	Share capital	Revaluation Reserve ⁽¹⁾	Accumulated Losses	Total Reserves	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 April 2008	9,736,500	1,533,077	(1,375,506)	157,571	9,894,071
Profit net of tax	—	—	803,375	803,375	803,375
Other comprehensive income for the year	—	10,106	—	10,106	10,106
Total comprehensive income for the year	—	10,106	803,375	813,481	813,481
Balance at 31 March 2009	9,736,500	1,543,183	(572,131)	971,052	10,707,552

⁽¹⁾ The revaluation reserve relates to surplus arising on revaluation of property, plant and equipment.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	2010 \$	2009 \$
Operating activities		
Profit before tax	1,422,342	963,063
Adjustments for:		
Allouance for inventory obsolescence	330,585	192,839
Allowance for doubtful trade debts	1,831,944	1,449,856
Allowance for inventory obsolescence written back	(169,551)	(120,999)
Allowance for doubtful trade debts written back	(44,526)	(17,589)
Depreciation of property, plant and equipment	196,028	244,040
Interest income	(1,609)	(590)
Interest expense	3,486	96,323
Gain on disposal of property, plant and equipment	(507)	(4,206)
Provision for warranty claims	316,595	298,270
Provision for leave entitlement	18,335	19,260
Total adjustments	2,480,780	2,157,204
Operating cash flows before changes in working capital	3,903,122	3,120,267
Changes in working capital		
Decrease in inventories	98,263	694,022
(Increase)/decrease in trade and other receivables and prepaid operating expenses	(1,716,665)	580,293
(Increase)/decrease in trade and other payables and accrued operating expenses	128,884	(4,954,722)
Total changes in working capital	(1,489,518)	(3,680,407)
Cash flows from/(used in) operations	2,413,604	(560,140)
Warranty claims	(132,420)	(246,369)
Interest received	1,609	590
Interest paid	(3,486)	(96,323)
Income tax paid (net)	(180,187)	(302,751)
Net cash flows from/(used in) operating activities	2,099,120	(1,204,993)
Investing activities		
Proceeds from disposal of property, plant and equipment	773	4,206
Purchase of property, plant and equipment	(145,984)	(67,086)
Net cash flows used in investing activities	(145,211)	(62,880)
Financing activity		
(Repayment of)/proceeds from trade bills financing	(1,369,992)	1,369,992
Net cash flows (used in)/fom financing activity	(1,369,992)	1,369,992
Net increase in cash and cash equivalents	583,917	102,119
Cash and cash equivalents at the beginning of the year	556,898	454,779
Cash and cash euivalents at the end of the year	1,140,815	556,898

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010

1. Corporate information

Chloride Batteries S.E Asia Pte Limited ("the Company") is a limited liability company incorporated in Singapore. The registered office and principal place of business of the Company is located at 106 Neythal Road, Jurong Town, Singapore 628594.

The Company's immediate and ultimate holding company is Exide Industries Limited, a company incorporated in India.

The principal activities of the Company comprise of production and distribution of industrial battery chargers, rectifiers and parts thereof and the distribution of industrial and automotive batteries. The principal activities of the subsidiary are disclosed in Note 10 to the financial statements.

Related companies refer to subsidiaries and associates of the Company's holding company, Exide Industries Limited (EIL) and the holding company of a substantial shareholder of EIL, Chloride Eastern Industries Pte Ltd.

2. Summary of significant accounting policies**2.1 Basis of preparation**

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or \$).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 April 2009.

- FRS 1 *Presentation of Financial Statements* (Revised)
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements* – Cost of an Investment in a Subsidiary, Jointly controlled Entity or Associate
- Amendments to FRS 102 *Share-based Payment* – Vesting Conditions and Cancellations
- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and measurement* – Embedded Derivatives
- INT FRS 118 *Transfers of Assets from Customers*

Adoption of these standards and interpretation did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

FRS 1 *Presentation of Financial Statements* – Revised presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (Cont'd)

includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

Amendments to FRS 107 financial Instruments: disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 21 and Note 22 to the financial statements respectively.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to INT FRS 109 and FRS 39 – <i>Embedded Derivatives</i>	30 June 2009
Amendments to FRS 27 <i>Consolidated and Separate Financial Statements</i>	1 July 2009
Amendments to FRS 39 <i>Financial Instruments: Recognition and Measurement</i> – Eligible Hedged Items	1 July 2009
Revised FRS 101 <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2009
Revised FRS 103 <i>Business Combinations</i>	1 July 2009
Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2009
INT FRS 117 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2009
INT FRS 118 <i>Transfer of Assets from Customers</i>	1 July 2009
Amendments to FRS 101 – Additional Exemptions for <i>First-Time Adopters</i>	1 January 2010
Amendments to FRS 102 <i>Share-based Payment</i>	1 January 2010
Amendments to FRS 32 <i>Financial Instruments: Disclosure and Presentation</i>	1 February 2010
INT FRS 119 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Revised FRS 24 <i>Related Party Disclosures</i>	1 January 2011
INT FRS 114 <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 <i>Intangible Assets</i>	1 July 2009
– Amendments to FRS 102 <i>Share-based Payment</i>	1 July 2009
– Amendments to INT FRS 109 <i>Reassessment of Embedded Derivatives</i>	1 July 2009
– Amendments to INT FRS 116 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2009
– Amendments to FRS 1 <i>Presentation of Financial Statements</i>	1 January 2010
– Amendments to FRS 7 <i>Statement of Cash Flows</i>	1 January 2010
– Amendments to FRS 17 <i>Leases</i>	1 January 2010
– Amendments to FRS 36 <i>Impairment of Assets</i>	1 January 2010
– Amendments to FRS 39 <i>Financial Instruments: recognition and Measurement</i>	1 January 2010
– Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2010
– Amendments to FRS 108 <i>Operating Segments</i>	1 January 2010

The Directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the balance sheet date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 *Functional and foreign currency*

Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

Foreign currency

transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (Cont'd)*

Property, plant and equipment were revalued on 31 March 1992 based on market value and subsequent additions are recorded at cost. The Group has no fixed policy on the frequency of valuation and the valuation on 31 March 1992 was carried out for the purpose of updating the book values of the property, plant and equipment.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed as follows:

(a) **Leasehold building**

The lease, which was acquired in 1968, expires in 2028. The revalued amounts or the cost of leasehold building is being depreciated on a straight line basis over the remaining lease period.

(b) **Other property, plant and equipment**

The revalued amounts or the cost of other property, plant and equipment are depreciated on a straight line basis over their useful lives as follows:

Plant and equipment	10 years
Furniture, fittings and office equipment	3 to 10 years
Motor vehicles	5 years

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.8 *Subsidiary*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses.

2.9 *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans receivables are derecognised or impaired, and through the amortisation process.

2.10 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank.

2.12 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, work-in-progress and manufactured finished goods are determined on the weighted average method and that of purchased trading goods are determined on a first-in, first-out basis (FIFO). Cost of work-in-progress and manufactured finished goods include labour and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Allowance for obsolete, slow-moving or defective inventories is made where necessary.

2. Summary of significant accounting policies (cont'd)

2.13 *Provision*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provision for warranty represents the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past historical experience of the level of repairs and replacements.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 *Financial liabilities*

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.15 *Employee benefits*

Defined contribution plan

The Company makes contributions to the Central Provident fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2.16 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with transitional requirements of INT FRS 104.

(a) **As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

2. Summary of significant accounting policies (cont'd)

2.16 (a) *As lessee (Cont'd)*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) **As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.17.

2.17 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. This generally coincides with their delivery and acceptance. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sale of goods represents the invoiced value of goods sold net of goods and services tax, returned goods and trade discounts.

Rental income

Rental income is accounted for on a straight line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight line basis.

Interest income

Interest income is recognised using effective interest method.

2.18 *Income taxes*

(a) **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) **Deferred tax**

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

2. Summary of significant accounting policies (cont'd)

2.18 (b) *Deferred tax (Cont'd)*

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 **Judgments made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. Significant accounting judgements and estimates

3.1 Income taxes (Cont'd)

The carrying amount of the Group's income tax payables and deferred tax liabilities at the balance sheet date was \$3032,584 (2009: \$184,324) and \$151,597 (2009: \$192,536) respectively.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of plant and equipment

Plant and equipment are depreciated on a straight line basis over their estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the balance sheet date is disclosed in Note 9 to the financial statements.

(b) Allowance for inventory obsolescence

The Group assesses whether there are any indicators of inventory obsolescence at each reporting date. This estimate is based on the current market condition and the historical experience of selling products of similar nature. It could change as a result of competitors' actions and/or technological developments. The carrying amount of the Group's inventories at the balance sheet date is disclosed in Note 11 to the financial statements.

(c) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the balance sheet date is disclosed in Note 12 to the financial statements.

(d) Provision for warranty

A provision is recognised for expected warranty claims on products sold during the current year and prior years, based on past experience of the level of repairs and replacements. Assumptions used to calculate the provision for warranty were based on the actual warranty claim and sales levels in relation to previous financial years.

The carrying amount of the Group's provision for warranty at the balance sheet date is disclosed in Note 14 to the financial statements.

4. Other operating income

Other operating income includes the following:

	Group	
	2010 \$	2009 \$
Foreign exchange gain	252,741	473,309
Rental income from related company	12,000	12,000
Gain on disposal of property, plant and equipment	507	4,206

		Group	
		2010	2009
		\$	\$
5. Staff costs			
Wages and salaries		2,491,295	2,233,926
Central Provident Fund contributions		256,844	256,189
Other short-term benefits		138,111	128,667
		<u>2,886,250</u>	<u>2,618,782</u>
The above staff costs include the following:			
Short-term employee benefits of directors and key management's remuneration			
– Salaries and other benefits		392,683	388,540
– Central Provident Fund contributions		14,391	14,924
		<u>407,074</u>	<u>403,464</u>
Comprise amounts paid to:			
– Directors of the Company		224,483	212,213
– Other key management personnel		182,591	191,251
		<u>407,074</u>	<u>403,464</u>
6. Other operating expenses			
The following items have been included in arriving at other operating expenses:			
Charged/(credited):			
Allowance for inventory obsolescence		330,585	192,839
Allowance for doubtful trade debts		1,831,944	1,449,856
Rental expense – operating leases		54,146	56,244
Provision for warranty claims		316,595	298,270
Provision for leave entitlement		18,335	19,260
Gain on disposal of property, plant and equipment		(507)	(4,206)
Allowance for inventory obsolescence written back		(169,551)	(120,999)
Allowance for doubtful trade debts written back		(44,526)	(17,589)
		<u>3,486</u>	<u>86,444</u>
7. Interest expenses			
Bank borrowings		3,486	86,444
Loan from related company		–	9,879
		<u>3,486</u>	<u>96,323</u>
8. Income tax expense			
Major components of income tax expense			
The major components of income tax expense for the year ended 31 March 2010 and 2009 are:			
Statement of comprehensive income			
Current income tax			
– Current income taxation		303,584	184,324
– Over provision in respect of previous years		(4,137)	–
		<u>299,447</u>	<u>184,324</u>
Deferred income tax			
– Origination and reversal of temporary differences		(45,910)	(21,955)
– Effect of change in tax rate		–	(2,511)
– Under/(over) provision in respect of previous years		4,971	(170)
		<u>(40,939)</u>	<u>(24,636)</u>
Income tax expense recognised in profit or loss		<u>258,508</u>	<u>159,688</u>
Deferred tax relating to other comprehensive income			
– Effect from change in tax rate on net surplus on revaluation of property, plant and equipment		–	(10,106)
		<u>–</u>	<u>(10,106)</u>

8. Income tax expense (Cont'd)

Relationship between tax expense and accounting profit

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2010 and 2009 is as follows:

	Group	
	2010 \$	2009 \$
Profit before tax	1,422,342	963,063
Tax calculated at a tax rate of 17% (2009: 17%)	241,798	163,721
Adjustments:		
Income not subject to taxation	(28,824)	(20,570)
Non-deductible expenses	70,625	45,143
Effect on partial tax exemption and tax relief	(25,925)	(25,925)
Under/(over) provision in respect of previous year	834	(170)
Effect of change in tax rate	—	(2,511)
	<u>258,508</u>	<u>159,688</u>

9. Property, plant and equipment

	Leasehold building \$	Plant and equipment \$	Furniture, fittings and office equipment \$	Motor Vehicles \$	Total \$
Group and Company					
Cost or valuation					
At 1 April 2008					
Cost	1,059,525	434,745	439,483	293,483	2,227,236
Valuation	2,850,000	29,700	225,807	—	3,105,507
	<u>3,909,525</u>	<u>464,445</u>	<u>665,290</u>	<u>293,483</u>	<u>5,332,743</u>
Additions	2,698	50,870	13,518	—	67,086
Disposals	—	(29,000)	(60,478)	—	(89,478)
Reclassification	(84,510)	—	84,510	—	—
At 31 March 2009 and 1 April 2009	3,827,713	486,315	702,840	293,483	5,310,351
Additions	6,800	31,292	107,892	—	145,984
Disposals	—	—	—	(34,073)	(34,073)
At 31 March 2010	<u>3,834,513</u>	<u>517,607</u>	<u>810,732</u>	<u>259,410</u>	<u>5,422,262</u>
Representing	984,513	487,907	584,925	259,410	2,316,755
Cost	2,850,000	29,700	225,807	—	3,105,507
Valuation	3,834,513	517,607	810,732	259,410	5,422,262
Accumulated depreciation					
At 1 April 2008	1,644,181	316,982	533,968	259,932	2,755,063
Charge for the year	110,641	27,461	85,738	20,200	244,040
Disposals	—	(29,000)	(60,478)	—	(89,478)
Reclassification	(31,075)	—	31,075	—	—
At 31 March 2009 and 1 April 2009	1,723,747	315,443	590,303	280,132	2,909,625
Charge for the year	110,981	29,974	43,854	11,219	196,028
Disposals	—	—	—	(33,807)	(33,807)
At 31 March 2010	<u>1,834,728</u>	<u>345,417</u>	<u>634,157</u>	<u>257,544</u>	<u>3,071,846</u>
Net book value					
At 31 March 2010					
Valuation	1,422,738	—	—	—	1,422,738
Cost	577,047	172,190	176,575	1,866	927,678
Total	<u>1,999,785</u>	<u>172,190</u>	<u>176,575</u>	<u>1,866</u>	<u>2,350,416</u>

9. Property, plant and equipment (Cont'd)

	Leasehold building \$	Plant and equipment \$	Furniture, fittings and office equipment \$	Motor Vehicles \$	Total \$
At 31 March 2009					
Valuation	1,501,905	—	—	—	1,501,905
Cost	602,061	170,872	112,537	13,351	898,821
Total	2,103,966	170,872	112,537	13,351	2,400,726

The net book value of property, plant and equipment carried at valuation, had such assets been stated at historical cost less accumulated depreciation would have been as follows:

	Leasehold building \$	Plant and equipment \$	Furniture, fittings and office equipment \$
Net book value			
At 31 March 2010	249,737	—	—
At 31 March 2009	276,875	—	—

Assets pledged as security

The Group's and the Company's leasehold building with a carrying amount of \$1,999,785 (2009: \$2,102,966) is mortgaged to secure the Company's banking facilities. In addition, an all monies debenture incorporating a fixed and floating charge over the assets of the Company was provided to the bank.

10. Investment in subsidiary

	Company	
	2010 \$	2009 \$
Unquoted equity shares, at cost	3,000	3,000

Details of investment in subsidiary are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Equity holding	
			2010 %	2009 %
Exide Batteries (Pvt) Limited	Dormant	Sri Lanka	100	100

The subsidiary has not commenced its operations since incorporation.

The subsidiary of the Company is audited by another firm of Chartered Accountants.

11. Inventories

	Group and Company	
	2010 \$	2009 \$
Balance sheet:		
Raw materials	1,078,924	927,127
Work-in-progress	49,201	128,438
Manufactured finished goods	318,343	190,404
Purchased trading goods	5,032,918	5,492,714
Total inventories at lower of cost and net realisable value	6,479,386	6,738,683
Income statement:		
Inventories recognised as an expense in:		
Increase in inventories of manufactured finished goods and work-in-progress	(84,732)	(141,853)
Raw materials consumed	6,748,906	5,253,997
Cost of purchased trading goods sold	22,009,823	27,705,914

11. Inventories (Cont'd)

During the year, a write-back of allowance for inventory obsolescence of \$169,551 (2009: \$120,999) and an allowance for inventory obsolescence of \$330,585 (2009: \$192,839) were recognised in profit or loss. The write-back was made when the related inventories were sold above their carrying amounts.

12. Trade and other receivable

Trade and other receivable (current):

Trade receivables

– Third parties

– Related companies

Amount due from related company

Deposits

Advances and staff loans

Total trade and other receivables

Add: Cash and cash equivalents (Note 13)

Total loans and receivables

Group	
2010 \$	2009 \$
9,897,410	9,826,695
–	85,314
9,897,410	9,912,009
1,372	1,352
10,250	10,250
43,300	57,370
9,952,332	9,980,981
1,140,815	556,898
11,093,147	10,537,879

Trade receivables

Trade receivables are non-interest bearing and generally on 30 to 90 days' terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group and the Company are amounts of \$1, 470,000 (2009: \$2,327,000) and \$1,827,000 (2009: \$1222,000) denominated in US dollars and Hong Kong dollars respectively.

Related party balances and staff loans

Amount due from related company is unsecured, non-interest bearing and is repayable on demand.

Staff loans are mainly unsecured, repayable on demand and interest-free.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$4,387,767 (2009: \$4,418,826) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

Trade receivables past due:

Less than 30 days

30 to 60 days

61 to 90 days

91 to 120 days

More than 120 days

Group and Company	
2010 \$	2009 \$
2,677,497	2,012,347
737,810	1,297,609
659,932	892,552
161,436	105,404
151,092	110,914
4,387,767	4,418,826

Receivables that are impaired

The Group trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

Trade receivables – nominal amounts

Less: Allowance for impairment

Group and Company Individually impaired	
2010 \$	2009 \$
1,605,737	1,735,345
(263,491)	(1,462,949)
1,342,246	272,396

12. Trade and other receivable (Cont'd)

	Group and Company Individually impaired	
	2010 \$	2009 \$
Movement in allowance accounts:		
At 1 April	1,462,949	30,682
Charge for the year	1,831,944	1,449,856
Written back	(44,526)	(17,589)
Written off	(2,986,876)	—
At 31 March	263,491	1,462,949

Trade receivables that are individually determined to be impaired at the balance sheet date related to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The write back was made when the related trade debts were subsequently collected.

Included in the allowance account as at 31 March 2009 was an amount of \$1,344,067 for impairment of trade receivable from a related company with a nominal amount of \$1,429,381.

13. Cash and equivalents

	Group and Company Individually impaired	
	2010 \$	2009 \$
Cash on hand and at bank	1,140,815	556,898

Cash at bank earns interest rate at between 0.04% to 1.32% (2009: 0.11% to 1.20%) per annum.

14. Provisions

	Group and Company	
	2010 \$	2009 \$
Provision for warranty claims	710,053	525,878
Provision for employee leave entitlement	154,329	135,994
	864,382	661,872

Movements in provision for warranty claims are as follows:

	Group and Company	
	2010 \$	2009 \$
Balance at the beginning of the financial year	525,878	473,977
Provision made during the financial year	316,595	298,270
Utilised during the financial year	(132,420)	(246,369)
Balance at the end of the financial year	710,053	525,878

15. Loans and borrowings

Trade bills financing, representing total loans and borrowings

The amounts are secured by the following:

- (a) an all monies mortgage over the property located at 106 Neythal Road, Jurong Town, Singapore 628594; and
- (b) an all monies debenture over all present and future assets incorporating fixed and floating charge over the present and future assets of the Company.

The trade bills, which bore interest at the Bank's prevailing commercial bills rate, which ranged from 3.15% to 3.60% per annum, matured in May and June 2009.

	Group and Company	
	2010 \$	2009 \$
	—	1,369,992

16. Trade and other payables

	Group and Company	
	2010	2009
	\$	\$
Trade and other payables (current):		
Trade payables:		
– Third parties	2,517,953	2,543,652
– Holding company	2,599,750	2,468,988
	5,117,703	5,012,640
Other payables	300,210	186,165
Total trade and other payables	5,417,913	5,198,805
Accrued operating expenses	1,328,740	1,418,964
Loans and borrowings (Note 15)	–	1,369,992
Total financial liabilities carried at amortised cost	6,746,653	7,987,761

Trade payables/other payables

These amounts are non-interest bearing. Trade and other payables are normally settled on 30 to 90 day terms. Included in trade and other payables of the Group and the Company are amounts of \$623,000 (2009: \$3, 510,000) denominated in US dollars.

17. Deferred tax liability

	Group and Company	
	2010	2009
	\$	\$
Deferred tax liability:		
Differences in depreciation for tax purposes	143,915	141,837
Revaluation to fair value – property, plant and equipment	154,627	163,217
	298,542	305,054
Deferred tax assets:		
Provisions	(146,945)	(112,518)
Net deferred tax liability	151,597	192,536

18. Share capital

	Group and Company	
	2009 and 2010	
	No. of shares	\$
Ordinary shares issued and fully paid		
Balance at the beginning and end of the year	7,000,000	9,736,500

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

19. Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group and Company	
	2010	2009
	\$	\$
Not later than one year	117,370	108,006
Later than one year but not later than five years	355,025	333,380
Later than five years	2,199,208	2,290,723
	2,671,603	2,732,109

The non-cancellable operating lease relates to the leasehold building for manufacturing and distribution purposes. This lease has a remaining lease term of 18 (2009: 19) years and includes clause to enable upward revision of the rental charges on a 5 yearly basis based on the prevailing market conditions. The lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or further leasing.

20. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company entered into the following significant transactions with related parties during the financial year on terms agreed by the parties concerned:

20. Related party transactions (Cont'd)

	Group and Company	
	2010	2009
	\$	\$
Sales to holding company	3,615	–
Sales to related company	251	2,354,488
Purchases from related company	254,891	9,819
Purchases from holding company	13,059,426	16,973,371
Rental income from related company	12,000	12,000
Interest paid to related company	–	9,879
Trademark expenses paid to related company	6,248	1,923
Interest received from related company	174	–

21. Fair value of financial instruments

A. Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classifies fair value measurement 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.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – 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), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Determination of fair value

At balance sheet date, the Group does not have any financial instruments carried at fair value.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other receivables and payables: accrued operating expenses and loans and borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

At the balance sheet date, the Group does not have any financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

22. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

22. Financial risk management objectives and policies (Cont'd)

(a) Credit risk (Cont'd)

Credit risk concentration profile

The Group and the Company has no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the company's financial liabilities at the balance sheet date based on contractual undiscounted repayments obligations:

	Group and Company			
	2010		2009	
	One year or less \$	Total \$	One year or less \$	Total \$
Financial assets:				
Trade and other receivables	9,952,332	9,952,332	9,980,981	9,980,981
Cash and cash equivalents	1,140,815	1,140,815	556,898	556,898
Total undiscounted financial assets	11,093,147	11,093,147	10,537,879	10,537,879
Financial liabilities:				
Trade and other payables	5,417,913	5,417,913	5,198,805	5,198,805
Accrued operating expenses	1,328,740	1,328,740	1,418,964	1,418,964
Loans and borrowings	—	—	1,369,992	1,369,992
Total undiscounted financial liabilities	6,746,653	6,746,653	7,987,761	7,987,761
Total net undiscounted financial assets	4,346,494	4,346,494	2,550,118	2,550,118

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD. The foreign currencies in which these transactions are denominated are mainly US Dollar (USD), Australian Dollars (AUD) and Hong Kong Dollars (HKD). Approximately 41% (2009: 46%) of the Group's sales are denominated in foreign currencies whilst almost 80% (2009: 20%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD and HKD) amount to \$790,682 (2009: \$520,875) for the Group and the Company.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

22. Financial risk management objectives and policies (Cont'd)

(c) Foreign currency risk (Cont'd)

		Group Profit net of tax	
		2010 \$'000	2009 \$'000
USD/SGD	Strengthened by 3% (2009: 3%)	+ 31	– 18
	Weakened by 3% (2009: 3%)	– 31	+ 18
HKD/SGD	Strengthened by 4% (2009: 4%)	+ 59	+ 41
	Weakened by 4% (2009: 4%)	– 59	– 41

23. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2010 and 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 60%. The Group includes within net debt, loans and borrowings, trade and other payables, accrued operating expenses, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company.

	2010 \$	2009 \$
Loans and borrowings (Note 15)	–	1,369,992
Trade and other payables (Note 16)	5,417,913	5,198,805
Accrued operating expenses	1,328,740	1,418,964
Less: Cash and cash equivalents (Note 13)	(1,140,815)	(556,898)
Net debt	5,605,838	7,430,863
Equity attributable to equity holders of the Company	11,868,386	10,704,552
Capital and net debt	17,474,224	18,135,415
Gearing ratio	32%	41%

24. Authorisation of financial statements

These financial statements for the financial year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on 22 April 2010.

CHLORIDE BATTERIES S.E. ASIA PTE LIMITED

(Disclosures as per Schedule VI of the Companies Act, 1956 in Indian Rupees)

BALANCE SHEET

AS AT 31 MARCH 2010

AT INR

SOURCES OF FUNDS	SCHEDULE	31.03.2010		31.03.2009	
		Rs.	Rs.	Rs.	Rs.
Shareholders' Funds					
Share Capital	1	313,223,205		326,756,940	
Reserves & Surplus	2	<u>58,532,115</u>		<u>18,968,788</u>	
			371,755,320		345,725,728
Loan Funds					
Secured	3		—		45,976,932
Deferred Tax Liability	4		<u>4,876,875</u>		<u>6,461,509</u>
			<u>376,632,195</u>		<u>398,164,169</u>
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		154,847,071		151,246,893	
Less: Depreciation		<u>89,284,845</u>		<u>83,858,406</u>	
Net Block :			65,562,226		67,388,487
Current Assets, Loans & Advances					
Inventories	6	208,441,847		226,150,201	
Sundry Debtors	7	318,399,679		332,647,022	
Cash & Bank Balances	8	36,700,019		18,689,497	
Loans & Advances	9	<u>2,141,718</u>		<u>4,118,785</u>	
		<u>565,683,263</u>		<u>581,605,505</u>	
Less:					
Current Liabilities & Provisions					
Liabilities	10	217,039,828		222,092,327	
Provisions	11	<u>37,573,466</u>		<u>28,737,496</u>	
		<u>254,613,294</u>		<u>250,829,823</u>	
Net Current Assets			311,069,969		330,775,682
			<u>376,632,195</u>		<u>398,164,169</u>

CHLORIDE BATTERIES S.E. ASIA PTE LIMITED

(Disclosures as per Schedule VI of the Companies Act, 1956 in Indian Rupees)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

AT INR

	SCHEDULE	2009-10 Rs.	2008-09 Rs.
INCOME			
Net Sales	12	1,226,711,735	1,293,663,341
Other Income	13	1,417,060	635,122
		<u>1,228,128,795</u>	<u>1,294,298,463</u>
EXPENDITURE			
Increase in Stocks	14	21,302,957	(190,890)
Material Consumed	15	230,047,083	162,524,353
Purchase of Trading Goods		708,959,908	883,600,442
Personnel Costs	16	96,164,763	84,652,128
Expenses	17	117,813,276	110,024,356
Interest and Finance Costs	18	62,373	3,094,569
Depreciation /Amortisation	19	6,514,010	7,888,593
		<u>1,180,864,370</u>	<u>1,251,593,551</u>
BALANCE		<u>47,264,425</u>	<u>42,704,912</u>
Profit before Tax		47,264,425	42,704,912
Taxation	20	8,590,221	5,161,915
PROFIT AFTER TAXATION		38,674,204	37,542,997
Balance brought forward		(7,219,122)	(44,762,119)
PROFIT AVAILABLE FOR APPROPRIATION		<u>31,455,082</u>	<u>(7,219,122)</u>
APPROPRIATIONS		31,455,082	(7,219,122)
Balance Carried Forward		<u>31,455,082</u>	<u>(7,219,122)</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

AS AT AND FOR THE YEAR ENDED 31 MARCH 2010

AT INR

1. **SHARE CAPITAL**

Authorised
Issued & Subscribed

31.03.2010 Rs.	31.03.2009 Rs.
313,223,205	326,756,940
<u>313,223,205</u>	<u>326,756,940</u>

2. **RESERVES AND SURPLUS**

Revaluation Reserve
Foreign Currency Translation Reserve
Profit & Loss Account Balance

43,432,072	43,432,072
(16,355,039)	(17,244,162)
31,455,082	(7,219,122)
<u>58,532,115</u>	<u>18,968,788</u>

3. **LOAN FUNDS**

Bank Overdraft

—	45,976,932
<u>—</u>	<u>45,976,932</u>

4. **DEFERRED TAX LIABILITY**

Deferred Tax Liability as at 1st April 2008
Add : Deferred Tax liability for the year
Less : Transfer to provision for taxation

6,193,883	4,760,050
(209,491)	5,477,563
1,107,517	3,776,104
<u>4,876,875</u>	<u>6,461,509</u>

5. **FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET VALUE	
	Cost/Valuation as at 1.4.2009	Addition	Deduction	Cost/Valuation as at 31.3.2010	As at 1.4.2009	Depre- ciation/ Amor- tisation (Rs.)	Less: On Sales/ adjust- ments (Rs.)	As at 31.3.2010	As at 31.3.2010	As at 31.3.2009
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Goodwill	(a)			0				0	0	0
Land										
Freehold				0				0	0	0
Leasehold				0				0	0	0
Buildings	109,379,566	218,756	0	109,598,322 (c)	49,533,644	3,687,899	0	53,221,543	56,376,779	59,845,922
Plant & Machinery	13,785,262	1,006,664	0	14,791,926	8,975,843	996,036	0	9,971,879	4,820,047	4,809,419
Moulds	0	0	0	0		0	0	0	0	0
Furniture & Fittings	19,664,973	3,470,886	1,096,128	22,039,731	17,287,045	1,457,268	0	18,744,313	3,295,418	2,377,928
Motor Vehicles	8,417,092	0	0	8,417,092	8,061,874	372,807	1,087,571	7,347,110	1,069,982	355,218
Computers				0				0	0	0
Total	151,246,893	4,696,306 (d)	1,096,128	154,847,071	83,858,406	6,514,010	1,087,571	89,284,845	65,562,226	67,388,487
Previous year's Total	151,998,369	2,251,406 (d)	3,002,882	151,246,893	78,972,695	7,888,593	3,002,882	83,858,406		
Capital Work-in-Progress									65,562,226	67,388,487

6. **INVENTORIES**

(At Lower of Cost or Net Realisable value)

Stores, Spare parts, Loose Tools etc*
Raw Materials and Components@
Work-in-progress
Finished goods (including in transit)
Trading Goods

31.03.2010 Rs.	31.03.2009 Rs.
34,708,985	31,114,382
1,582,796	4,310,379
10,241,094	6,389,958
161,908,972	184,335,482
<u>208,441,847</u>	<u>226,150,201</u>

7. **SUNDRY DEBTORS**

(Unsecured, Considered good)
Debts over six months
Other Debts

14,823,453	3,610,150
303,576,226	329,036,872
<u>318,399,679</u>	<u>332,647,022</u>

	AT INR	
	31.03.2010 Rs.	31.03.2009 Rs.
8. CASH AND BANK BALANCES		
Cash and Cheques in hand (including Remittances in transit)		
Balances with Scheduled banks on :		
Current Account	36,700,019	18,689,497
	<u>36,700,019</u>	<u>18,689,497</u>
9. LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	1,811,975	3,774,795
Others	329,743	343,990
	<u>2,141,718</u>	<u>4,118,785</u>
10. LIABILITIES		
Sundry Creditors		
- Due to others	164,636,506	168,224,198
Other Liabilities	52,403,322	53,868,129
	<u>217,039,828</u>	<u>222,092,327</u>
11. PROVISIONS		
Leave Encashment	4,964,764	4,563,959
Product related Warranty / Guarantees	22,842,405	17,648,466
Taxation (net of Advance Tax)	9,766,297	6,525,071
	<u>37,573,466</u>	<u>28,737,496</u>
	2009-10	2008-09
12. SALES		
Storage Batteries	1,226,711,735	1,293,663,341
	<u>1,226,711,735</u>	<u>1,293,663,341</u>
13. OTHER INCOME		
Sundry Income	1,400,179	499,163
Profit on Sale of Assets	16,881	135,959
	<u>1,417,060</u>	<u>635,122</u>
14. INCREASE IN STOCKS		
Opening Stocks		
Work-in-progress	4,310,379	3,144,148
Finished Goods	6,389,958	2,155,573
Trading Goods	184,335,482	189,545,208
	<u>195,035,819</u>	<u>194,844,929</u>
Closing Stock		
Work-in-progress	1,582,796	4,310,379
Finished Goods	10,241,094	6,389,958
Trading Goods	161,908,972	184,335,482
	<u>173,732,862</u>	<u>195,035,819</u>
	<u>(21,302,957)</u>	<u>190,890</u>

			AT INR	
	Rs.	31.3.2010 Rs.	Rs.	31.3.2009 Rs.
15. MATERIALS CONSUMED				
Opening Stock	31,114,382		17,758,830	
Add : Purchases (including Processing charges, Procurement expenses etc and after adjusting Modvat Credits)	233,641,686		175,879,905	
	264,756,068		193,638,735	
Less : Closing Stock	34,708,985		31,114,382	
		230,047,083		162,524,353
		230,047,083		162,524,353
16. PERSONNEL COSTS				
Salaries, Wages & Bonus		83,040,408		72,211,658
Contribution to Provident & Other Funds		8,534,926		8,281,309
Welfare Expenses		4,589,429		4,159,161
		96,164,763		84,652,128
17. EXPENSES				
Stores & Spare Parts consumed		2,217,239		2,369,355
Repairs & Maintenance				
Buildings	1,356,017		1,366,397	
Plant & Machinery	1,119,053		938,610	
		2,475,070		2,305,007
Rent & Hire Charges (net)		1,799,272		1,430,187
Rates & Taxes		770,105		1,445,736
Insurance		1,781,992		1,710,685
Commission		7,051,871		9,648,374
Publicity and Sales Promotion		4,289,195		862,933
Freight & Forwarding (net)		21,147,971		24,414,875
Product related Warranty / Guarantees				
Selling Expenses (Schedule 21)		220,880		533,292
Travelling & Conveyance		7,179,009		8,028,298
Bank Charges		2,573,032		4,906,592
Communication Costs		1,798,042		1,652,666
Auditors' Remuneration		—		—
Audit Fees		996,900		969,750
Bad Debts written off		59,395,933		46,298,031
Miscellaneous Expenses (Schedule – 22)		4,116,765		3,448,575
		117,813,276		110,024,356

	AT INR	
	31.03.2010 Rs.	31.03.2009 Rs.
18. <u>INTEREST AND FINANCE COST</u>		
Interest on :		
Working Capital Borrowings	115,840	3,113,641
Fund Mobilisation Costs		
	115,840	3,113,641
Less : Interest Capitalised		
Interest Received on loans, deposits etc.	53,467	19,072
	<u>62,373</u>	<u>3,094,569</u>
19. <u>DEPRECIATION / AMORTISATION</u>		
Charge for the year	6,514,010	7,888,593
	<u>6,514,010</u>	<u>7,888,593</u>
20. <u>TAXATION</u>		
Provision for Income Tax	8,590,221	5,161,915,00
	<u>8,590,221</u>	<u>5,161,915</u>
21. <u>SELLING EXPENSES</u>		
Testing Charges	220,880	533,292
Liquidated Damages, Claims and Breakages	—	—
	<u>220,880</u>	<u>533,292</u>
22. <u>MISCELLANEOUS EXPENSES</u>		
Entertainment	1,380,142	1,181,092
Consultancy & Services outsourced	408,928	50,346
Security Service Charges	1,508,742	1,396,440
General Expenses	145,348	150,990
Legal Expenses	—	—
Printing & Stationery	673,605	669,707
	<u>4,116,765</u>	<u>3,448,575</u>