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**CHLORIDE BATTERIES S.E. ASIA  
PTE. LIMITED**

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31ST MARCH, 2017**

*Amint*

Company Registration No. 195800125E

Chloride Batteries S.E. Asia Pte. Limited  
And its Subsidiary

Annual Financial Statements  
31 March 2017



# Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

## General information

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### Directors

Winston Wong	
Gautam Chatterjee	
A K Mukherjee	
Arun Mittal	(Appointed on 1 May 2016)
P K Katakya	(Resigned on 1 May 2016)
Freddy Tan Teng Siah	(Appointed on 28 December 2016)
Subir Chakraborty	(Resigned on 28 December 2016)

### Company secretary

Danny Yap

### Registered office

106 Neythal Road  
Jurong Town  
Singapore 628594

### Auditor

Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

### Banker

The Hongkong and Shanghai Banking Corporation Limited  
Oversea-Chinese Banking Corporation Limited

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**Directors' Statement**

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The directors present their statement 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 2017.

**Opinion of the directors**

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group and 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.

**Directors**

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

Winston Wong  
Gautam Chatterjee  
A K Mukherjee  
Arun Mittal (Appointed on 1 May 2016)  
Freddy Tan Teng Siah (Appointed on 28 December 2016)

**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.



## Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

### Directors' Statement

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#### Directors' interests in shares and debentures

The following directors, 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	Direct interest	
	At the beginning of financial year or date of appointment if later	At the end of financial year
<i>Ordinary shares of the holding company (Exide Industries Limited)</i>		
A K Mukherjee	1,000	1,000
Arun Mittal	1,152	1,152

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 date of appointment if later, or at the end of the financial year.

#### Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

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Winston Wong  
Director

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Freddy Tan Teng Siah  
Director

Singapore  
21 April 2017



**Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary**

**Independent Auditor's Report  
For the financial year ended 31 March 2017**

**Independent Auditor's Report to the Member of Chloride Batteries S.E. Asia Pte. Limited**

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**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the 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 2017, 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

***Basis for Opinion***

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Other Information***

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary**

**Independent Auditor's Report  
For the financial year ended 31 March 2017**

**Independent Auditor's Report to the Member of Chloride Batteries S.E. Asia Pte. Limited**

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***Management's responsibility for the consolidated financial statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

***Auditor's responsibility***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



**Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary**

**Independent Auditor's Report  
For the financial year ended 31 March 2017**

**Independent Auditor's Report to the Member of Chloride Batteries S.E. Asia Pte. Limited**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Report on other legal and regulatory requirements***

In our opinion, 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  
Chartered Accountants  
Singapore

21 April 2017



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Consolidated Statement of Comprehensive income  
For the financial year ended 31 March 2017

	Note	2017 \$	2016 \$
<b>Revenue</b>			
Sale of goods		22,284,697	20,465,119
Other operating income	4	75,543	161,679
Decrease in inventories of manufactured finished goods and work-in-progress	11	(18,065)	(184,351)
Raw materials consumed	11	(2,607,305)	(2,893,171)
Cost of purchased trading goods sold	11	(14,751,180)	(14,020,816)
Staff costs	5	(2,976,103)	(2,896,355)
Depreciation of property, plant and equipment	9	(523,957)	(234,195)
Other operating expenses	6	(1,892,644)	(3,429,181)
Interest income		1,368	1,732
Interest expenses	7	(19,289)	(65,981)
<b>Loss before tax</b>		(426,935)	(3,095,520)
Income tax credit	8	129,079	607,277
<b>Loss after tax</b>		(297,856)	(2,488,243)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Net surplus on revaluation of building		—	3,197,377
<b>Total comprehensive (loss)/income for the financial year</b>		(297,856)	709,134

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



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Balance Sheets  
As at 31 March 2017

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Non-current assets</b>					
Property, plant and equipment	9	5,131,748	5,548,404	5,131,748	5,548,404
Investment in subsidiary	10	—	—	3,000	3,000
		5,131,748	5,548,404	5,134,748	5,551,404
<b>Current assets</b>					
Inventories	11	3,545,424	5,150,376	3,545,424	5,150,376
Trade and other receivables	12	6,203,335	6,604,369	6,203,335	6,604,369
Prepaid operating expenses		47,810	21,029	47,810	21,029
Cash at bank and on hand	13	2,517,098	2,821,024	2,517,098	2,821,024
		12,313,667	14,596,798	12,313,667	14,596,798
<b>Current liabilities</b>					
Provisions	14	510,573	445,748	510,573	445,748
Income tax payable		—	136,475	—	136,475
Loans and borrowings	15	590,774	1,054,814	590,774	1,054,814
Trade and other payables	16	3,131,348	4,691,107	3,131,348	4,691,107
Accrued operating expenses		743,333	1,057,211	743,333	1,057,211
		4,976,028	7,385,355	4,976,028	7,385,355
<b>Net current assets</b>		7,337,639	7,211,443	7,337,639	7,211,443
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	55,004	47,608	55,004	47,608
<b>Net assets</b>		12,414,383	12,712,239	12,417,383	12,715,239
<b>Equity attributable to owner of the Company</b>					
Share capital	18	9,736,500	9,736,500	9,736,500	9,736,500
Reserves		2,677,883	2,975,739	2,680,883	2,978,739
<b>Total equity</b>		12,414,383	12,712,239	12,417,383	12,715,239

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



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Statements of Changes in Equity  
For the financial year ended 31 March 2017

<u>Group</u>	Equity attributable to owner of the Company				
	Share Capital \$	Revaluation Reserve <sup>(1)</sup> \$	Retained Earnings \$	Total Reserves \$	Total Equity \$
Balance at 1 April 2016	9,736,500	4,740,560	(1,764,821)	2,975,739	12,712,239
Loss for the financial year	—	—	(297,856)	(297,856)	(297,856)
<b>Balance at 31 March 2017</b>	<b>9,736,500</b>	<b>4,740,560</b>	<b>(2,062,677)</b>	<b>2,677,883</b>	<b>12,414,383</b>
Balance at 1 April 2015	9,736,500	1,543,183	723,422	2,266,605	12,003,105
Loss for the financial year	—	—	(2,488,243)	(2,488,243)	(2,488,243)
<u>Other comprehensive income</u> Net surplus on revaluation of land and buildings	—	3,197,377	—	3,197,377	3,197,377
<b>Balance at 31 March 2016</b>	<b>9,736,500</b>	<b>4,740,560</b>	<b>(1,764,821)</b>	<b>2,975,739</b>	<b>12,712,239</b>

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



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Statements of Changes in Equity  
For the financial year ended 31 March 2017

	Equity attributable to owner of the Company				
	Share Capital \$	Revaluation Reserve <sup>(1)</sup> \$	Retained Earnings \$	Total Reserves \$	Total Equity \$
<b>Company</b>					
Balance at 1 April 2016	9,736,500	4,740,560	(1,761,821)	2,978,739	12,715,239
Loss for the financial year	—	—	(297,856)	(297,856)	(297,856)
<b>Balance at 31 March 2017</b>	<b>9,736,500</b>	<b>4,740,560</b>	<b>(2,059,677)</b>	<b>2,680,883</b>	<b>12,417,383</b>
Balance at 1 April 2015	9,736,500	1,543,183	726,422	2,269,605	12,006,105
Loss for the financial year	—	—	(2,488,243)	(2,488,243)	(2,488,243)
<u>Other comprehensive income</u>					
Net surplus on revaluation of land and buildings	—	3,197,377	—	3,197,377	3,197,377
<b>Balance at 31 March 2016</b>	<b>9,736,500</b>	<b>4,740,560</b>	<b>(1,761,821)</b>	<b>2,978,739</b>	<b>12,715,239</b>

<sup>(1)</sup> 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.



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

**Consolidated Cash Flow Statement**  
For the financial year ended 31 March 2017

	2017 \$	2016 \$
<b>Operating activities</b>		
Loss before tax	(426,935)	(3,095,520)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	523,957	234,195
(Gain)/Loss on disposal of property, plant and equipment	—	(69,565)
Interest expenses	19,289	65,981
Interest income	(1,368)	(1,732)
Unrealised foreign currency gain	(12,926)	(164,289)
Provision for warranty claims	231,677	153,939
Provision for leave entitlement/(written back)	21,983	(30,747)
Allowance for doubtful trade debts	46,462	965,431
Allowance for doubtful trade debts written back	(184,669)	(766,892)
Allowance for inventory obsolescence	214,340	1,401,789
Allowance for inventory obsolescence written back	(217,326)	(465,423)
<b>Total adjustments</b>	<b>641,419</b>	<b>1,322,687</b>
<b>Operating cash flows before changes in working capital.</b>	<b>214,484</b>	<b>(1,772,833)</b>
<u>Changes in working capital</u>		
Decrease in inventories	1,698,152	1,939,753
Decrease in trade and other receivables and prepaid operating expenses	405,161	3,183,269
Decrease in trade and other payables and accrued operating expenses	(1,875,749)	(2,287,370)
<b>Total changes in working capital</b>	<b>227,564</b>	<b>2,835,652</b>
<b>Cash flows generated from operations</b>	<b>442,048</b>	<b>1,062,819</b>
Warranty claims paid	(188,836)	(197,566)
Interest received	1,368	1,732
Interest paid	(19,289)	(65,981)
Income taxes paid	—	(11,074)
<b>Net cash flows generated from operating activities</b>	<b>235,291</b>	<b>789,930</b>



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Consolidated Cash Flow Statement  
For the financial year ended 31 March 2017

	2017 \$	2016 \$
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	—	69,565
Purchase of property, plant and equipment	(107,301)	(91,091)
<b>Net cash flows used in investing activities</b>	(107,301)	(21,526)
<b>Financing activities</b>		
Proceeds from trade bills financing	6,306,902	13,349,771
Repayment of trade bills financing	(6,770,942)	(11,685,888)
<b>Net cash flows generated from/(used in) financing activities</b>	(464,040)	1,663,883
<b>Net (decrease)/increase in cash and cash equivalents</b>	(336,050)	2,432,287
Effect of exchanges rates	32,124	(48,927)
Cash and cash equivalents at the beginning of the financial year	2,821,024	437,664
<b>Cash and cash equivalents at the end of the financial year (Note 13)</b>	2,517,098	2,821,024

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



**1. Corporate information**

Chloride Batteries S.E. Asia Pte. Limited (the "Company") is a limited liability company incorporated in Singapore. The immediate and ultimate holding company is Exide Industries Limited, a company incorporated in India.

The registered office and principal place of business of the Company is located at 106 Neythal Road, Jurong Town, Singapore 628594.

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 consolidated 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 Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis 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 in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.



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

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 : <i>Recognition of Deferred Tax Assets For Unrealised Losses</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.



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

2.3 Standards issued but not yet effective (cont'd)

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation (EBITDA) and gearing ratio.



**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 subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries 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 and dividends are eliminated in full.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

**2.5 Foreign currency**

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**(a) Transactions and balances**

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 rate of exchange ruling at the end of the reporting period. 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 measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.



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

2.5 Foreign currency

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment, other than leasehold building are measured at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold land and building is measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the building at the end of the reporting period.

Property, plant and equipment were revalued on 31 March 1992 based on market value and subsequent additions are recorded at cost. Leasehold land and building was revalued on 31 March 2016 based on market value and subsequent addition are recorded at cost. The Group performed valuation on a regular basis and the valuation on 31 March 2016 was carried out for the purpose of updating the book values of the leasehold land and building.

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.



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

2.6 Property, plant and equipment (cont'd)

(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 values 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 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 indication exists, or when an annual impairment testing 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 of disposal 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 or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in 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.

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 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.

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

**2.9 Financial instruments**

**(a) Financial assets**

**Initial recognition and measurement**

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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.

**Subsequent measurement**

**Loans and receivables**

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

**De-recognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 had been recognised in other comprehensive income is recognised in profit or loss.



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

2.9 *Financial instruments (cont'd)*

(b) *Financial liabilities*

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

*Financial liabilities at amortised cost*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. 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 profit or loss.

2.10 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.



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

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

(a) *Financial assets carried at amortised cost (cont'd)*

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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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 asset 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.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.11 *Cash and cash equivalents*

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

2.12 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Work-in-progress and manufactured finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.
- Purchased trading goods on a first-in first-out basis.



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

**2.12 Inventories (cont'd)**

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

**2.13 Provisions**

**General**

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 resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Warranty provisions**

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

**2.14 Employee benefits**

**(a) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make 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.

**(b) Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.



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

2.15 Leases

(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.

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 2.16(d). Contingent rents are recognised as revenue in the period in which they are earned.



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

2.16 Revenue

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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) **Sale 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, usually on delivery of goods. 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.

(b) **Rendering of services**

Revenue from the installation of batteries is recognised at the completion of service rendered.

(c) **Interest income**

Interest income is recognised using the effective interest method.

(d) **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. 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.

2.17 Taxes

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods 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 at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



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

2.17 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period 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 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:

- Where the deferred 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 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 the end of each reporting period 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 the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.



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

2.17 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 end of each reporting period.

Deferred 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.

(c) *Sales tax*

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

- Where the sales tax incurred on 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.

2.18 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Issuance costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.19 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants related income are presented as a credit in profit or loss, under heading "Other operating income".



**3. Significant accounting judgments and estimates**

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

**3.1 Judgments made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made no judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**(a) Useful lives of plant and equipment**

The cost of plant and equipment is 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 end of the reporting period is disclosed in Note 9 to the consolidated financial statements.

**(b) Allowance for inventory obsolescence**

The Group assesses whether there are any indicators of inventory obsolescence at the end of each reporting period. 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 end of the reporting period is disclosed in Note 11 to the consolidated financial statements.

**(c) 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. The carrying amount of the Group's income tax payables and deferred tax liabilities at the end of the reporting period was nil (2016: \$136,475) and \$55,004 (2016: \$47,608) respectively.



3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period 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 end of the reporting period is disclosed in Note 12 to the consolidated financial statements.

(e) *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 end of the reporting period is disclosed in Note 14 to the consolidated financial statements.

4. Other operating income

	Group	
	2017	2016
	\$	\$
Workplace Health Promotion and Wage Credit Scheme cash grant	54,420	25,623
Special/Temporary employment credit cash grant	21,123	55,491
Gain on disposal of property, plant and equipment	—	69,565
Rental income from related company	—	11,000
	<u>75,543</u>	<u>161,679</u>



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

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5. Staff costs

	Group	
	2017	2016
	\$	\$
<b>Staff costs (including key management compensation)</b>		
Wages and salaries	2,641,218	2,561,243
Central Provident Fund contributions	288,033	278,777
Other short-term benefits	46,852	56,335
	<u>2,976,103</u>	<u>2,896,355</u>
 <b>Key management compensation</b>		
- Salaries and other benefits	223,397	206,831
- Central Provident Fund contributions	13,260	16,060
	<u>236,657</u>	<u>222,891</u>
 Comprise amounts paid to:		
- Other key management personnel	236,657	222,891
	<u>236,657</u>	<u>222,891</u>

6. Other operating expenses

This is stated after charging/(crediting):

	Group	
	2017	2016
	\$	\$
Allowance for doubtful trade debts	46,462	965,431
Allowance for doubtful trade debts written back	(184,669)	(766,892)
Allowance for inventory obsolescence	214,340	1,401,789
Allowance for inventory obsolescence written back	(217,326)	(465,423)
Foreign exchange (gain)/loss	(70,573)	157,207
Warranty expenses	299,999	277,719
Operating leases expenses	181,239	185,672



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Notes to the Financial Statements  
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7. Interest expenses

	Group	
	2017	2016
	\$	\$
Bank borrowings	19,289	65,981

8. Income tax credit

Major components of income tax credit

The major components of income tax credit for the financial years ended 31 March 2017 and 2016 are:

	Group	
	2017	2016
	\$	\$
<b>Statement of comprehensive income</b>		
Current income tax		
- Current income taxation	-	-
- Over provision in respect of prior year	(136,475)	-
	(136,475)	-
Deferred income tax		
- Origination and reversal of temporary differences	(50,178)	(607,277)
- Under provision in respect of prior year	57,574	-
	7,396	(607,277)
Income tax credit recognised in profit or loss	(129,079)	(607,277)
Deferred tax expense related to other comprehensive income:		
- Net surplus on revaluation of building	-	654,885
	-	654,885

Relationship between income tax credit and accounting profit

A reconciliation between tax credit and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2017 and 2016 is as follows:



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Notes to the Financial Statements  
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8. Income tax credit (cont'd)

Relationship between income tax credit and accounting profit (cont'd)

	Group	
	2017	2016
	\$	\$
Loss before tax	(426,935)	(3,095,520)
Tax calculated at a tax rate of 17%	(72,579)	(526,238)
Adjustments:		
Non-deductible expenses	32,073	36,053
Effect on partial tax exemption and tax relief	(2,094)	(6,516)
Non-taxable income	(2,197)	—
Over provision in respect of prior year	(78,901)	—
Benefit from previously unrecognised tax losses	—	(72,839)
Others	(5,381)	(37,737)
	(129,079)	(607,277)

9. Property, plant and equipment

	Leasehold building \$	Plant and equipment \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Total \$
<u>Group and Company</u>					
<b>Cost or valuation</b>					
At 1 April 2015	3,951,255	617,831	983,462	147,821	5,700,369
Additions	—	52,876	38,215	—	91,091
Disposals	—	—	—	(147,821)	(147,821)
Revaluation	1,950,000	—	—	—	1,950,000
At 31 March 2016 and 1 April 2016	5,901,255	670,707	1,021,677	—	7,593,639
Additions	6,550	64,073	36,678	—	107,301
Disposals	—	(120,513)	(236,186)	—	(356,699)
<b>At 31 March 2017</b>	<b>5,907,805</b>	<b>614,267</b>	<b>822,169</b>	<b>—</b>	<b>7,344,241</b>
Representing:					
Cost	1,107,805	614,267	596,362	—	2,318,434
Valuation	4,800,000	—	225,807	—	5,025,807
	5,907,805	614,267	822,169	—	7,344,241



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Notes to the Financial Statements  
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9. Property, plant and equipment (cont'd)

	Leasehold building \$	Plant and equipment \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Total \$
<b>Group and Company</b>					
<b>Accumulated depreciation</b>					
At 1 April 2015	2,405,320	487,032	844,916	123,854	3,861,122
Charge for the financial year	118,368	34,792	57,068	23,967	234,195
Disposals	—	—	—	(147,821)	(147,821)
Elimination of accumulated depreciation on revaluation	(1,902,261)	—	—	—	(1,902,261)
At 31 March 2016 and 1 April 2016	621,427	521,824	901,984	—	2,045,235
Charge for the financial year	439,602	35,582	48,773	—	523,957
Disposals	—	(120,513)	(236,186)	—	(356,699)
At 31 March 2017	1,061,029	436,893	714,571	—	2,212,493
<b>Net book value</b>					
At 31 March 2016					
Cost	479,828	148,883	119,693	—	748,404
Valuation	4,800,000	—	—	—	4,800,000
Total	5,279,828	148,883	119,693	—	5,548,404
At 31 March 2017					
Cost	446,776	177,374	107,598	—	731,748
Valuation	4,400,000	—	—	—	4,400,000
Total	4,846,776	177,374	107,598	—	5,131,748



## 9. Property, plant and equipment (cont'd)

Revaluation of leasehold building

The Group engaged Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer to determine the fair value of the leasehold building. The leasehold building was revalued on 31 March 2016 based on open market value and subsequent additions are recorded at cost. If this property was measured using the cost model, the carrying amount would be as follows:

	Leasehold building \$
Net book value	
At 31 March 2017	59,771
At 31 March 2016	86,909

Assets pledged as security

Leasehold building with a carrying amount of \$4,846,776 (2016: \$5,279,828) is mortgaged to secured 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	
	2017 \$	2016 \$
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	
			2017 %	2016 %
Exide Batteries (Pvt) Limited	Dormant	Sri Lanka	100	100

The subsidiary has not commenced its operations since incorporation.



Chloride Batteries S.E. Asia Pte. Limited and its Subsidiary

Notes to the Financial Statements  
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11. Inventories

	Group and Company	
	2017	2016
	\$	\$
<b>Balance sheet:</b>		
Raw materials	757,723	929,496
Work-in-progress	185,504	76,016
Manufactured finished goods	206,230	319,293
Purchased trading goods	2,395,967	3,825,571
Total inventories at lower of cost and net realisable value	3,545,424	5,150,376
<b>Statement of comprehensive income:</b>		
Inventories recognised as an expense in:		
Decrease in inventories of manufactured finished goods and work-in-progress	18,065	184,351
Raw materials consumed	2,607,305	2,893,171
Cost of purchased trading goods sold	14,751,180	14,020,816
Included in other operating expenses are the following charge/(credit):		
Allowance for inventory obsolescence	214,340	1,401,789
Allowance for inventory obsolescence written back	(217,326)	(465,423)

During the year, a write-back of allowance for inventory obsolescence of \$217,326 (2016: \$465,423) was recognised in profit or loss. The write-back was made when the related inventories were sold above their carrying amounts.

12. Trade and other receivables

	Group and Company	
	2017	2016
	\$	\$
Trade receivables from external parties	6,270,615	7,813,639
Less: Allowance for impairment	(143,102)	(1,324,777)
	6,127,513	6,488,862
Amount due from related company	219	20,917
Deposits	16,400	13,500
Advances and staff loans	5,000	5,000
Other receivables	54,203	76,090
Total trade and other receivables	6,203,335	6,604,369
Add: Cash at bank and on hand (Note 13)	2,517,098	2,821,024
Total loans and receivables	8,720,433	9,425,393



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12. Trade and other receivables (cont'd)

Trade receivables

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

Trade receivables denominated in foreign currencies at 31 March are as follows:

	Group and Company	
	2017	2016
	\$	\$
United States Dollar	644,238	462,648
Hong Kong Dollar	988,637	2,071,012

Related party balances and staff loans

Amount due from related company is non-trade related, unsecured, non-interest bearing, repayable upon demand and is to be settled in cash.

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$2,315,299 (2016: \$5,039,796) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group and Company	
	2017	2016
	\$	\$
Trade receivables past due but not impaired:		
Less than 30 days	587,878	1,078,362
30 to 60 days	201,727	486,968
61 to 90 days	282,167	701,079
More than 90 days	1,243,527	2,773,387
	2,315,299	5,039,796



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Notes to the Financial Statements  
For the financial year ended 31 March 2017

12. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group and Company	
	2017	2016
	\$	\$
Trade receivables - nominal amounts	833,592	1,342,777
Less: Allowance for impairment	(143,102)	(1,342,777)
	<u>690,490</u>	<u>-</u>
Movement in allowance accounts:		
At 1 April	1,324,777	1,798,321
Charge for the financial year	46,462	965,431
Written back	(184,669)	(766,892)
Written off	(1,043,468)	(672,083)
At 31 March	<u>143,102</u>	<u>1,324,777</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate 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.

13. Cash at bank and on hand

Cash at bank earns interest rates ranging from 0.0% to 0.54% (2016: 0.70% to 0.90%) per annum.

Cash at bank and on hand denominated in foreign currencies at 31 March are as follows:

	Group and Company	
	2017	2016
	\$	\$
United States Dollar	548,453	245,145
Hong Kong Dollar	653,307	684,351
Australian Dollar	482	132,435



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## 13. Cash at bank and on hand (cont'd)

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group and Company	
	2017	2016
	\$	\$
Cash at bank and on hand	2,517,098	2,821,024
Total cash and cash equivalents	2,517,098	2,821,024

## 14. Provisions

	Group and Company	
	2017	2016
	\$	\$
Provision for warranty claims	375,761	332,919
Provision for employee leave entitlement	134,812	112,829
	510,573	445,748

Movements in provision for warranty claims are as follows:

	Group and Company	
	2017	2016
	\$	\$
At 1 April	332,919	376,547
Arose during the financial year	231,677	153,939
Utilised during the financial year	(188,835)	(197,567)
At 31 March	375,761	332,919

Movements for provision for employee leave entitlement are as follows:

	Group and Company	
	2017	2016
	\$	\$
At 1 April	112,829	143,576
Arose during the financial year / (provision for leave entitlement written back)	21,983	(30,747)
At 31 March	134,812	112,829



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Notes to the Financial Statements  
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15. Loans and borrowings

	Group and Company	
	2017	2016
	\$	\$
Trade bills financing	590,774	1,054,814
Total loans and borrowings	590,774	1,054,814

The trade bills bear interest at 2% per annum over the bank's prevailing commercial bill rates, which ranges from 3.0% to 3.5% (2016: 3.0% to 3.5%) per annum, and maturing within 180 days from invoice date.

Bank overdrafts are denominated in SGD, and bear interest at 0.5% per annum over the bank's prevailing prime lending rate, which is 5.5% (2016: 5.5%) per annum.

These amounts are secured by the following:

- (a) An all monies mortgage over the leasehold 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.

16. Trade and other payables

	Group and Company	
	2017	2016
	\$	\$
Trade payables:		
- External parties	947,349	2,008,139
- Holding company	1,794,676	2,416,427
- Related company	196,526	68,671
	2,938,551	4,493,237
Other payables - External parties	192,797	197,870
Total trade and other payables	3,131,348	4,691,107
Loans and borrowings (Note 15)	590,774	1,054,814
Accrued operating expenses	743,333	1,057,211
Total financial liabilities carried at amortised cost	4,465,455	6,803,132

These amounts are non-interest bearing. Trade and other payables are normally settled on 30 to 90 day terms.



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Notes to the Financial Statements  
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16. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies at 31 March are as follows:

	Group and Company	
	2017	2016
	\$	\$
United States Dollar	531,219	508,931
Hong Kong Dollar	118,314	215,730
Euro Dollar	—	14,158
Thai Baht	432	411
Great British Pound	1,921	—

17. Deferred tax liabilities

	Group and Company	
	2017	2016
	\$	\$
<b>Deferred tax liabilities:</b>		
Differences in depreciation for tax purposes	42,700	8,576
Revaluation to fair value - property, plant and equipment	748,000	757,969
	790,700	766,545
<b>Deferred tax assets:</b>		
Provisions	(86,797)	(75,777)
Tax losses	(648,899)	(643,160)
	55,004	47,608

18. Share capital

	Group and Company			
	2017		2016	
	No. of shares		No. of shares	
		\$		\$
Ordinary shares issued and fully paid				
Balance at the beginning and end of the financial year	7,000,000	9,736,500	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.



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**For the financial year ended 31 March 2017**

**19. Operating lease commitments**

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

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	211,935	91,516
Later than one year but not later than five years	667,856	469,019
Later than five years	1,364,160	1,547,192
	<u>2,243,951</u>	<u>2,107,727</u>

The non-cancellable operating lease relates to the leasehold building for manufacturing and distribution purposes. This lease has a remaining lease term of 11 (2016: 12) years and includes a 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:

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Sales of goods to holding company	8,158	—
Purchases from related company	653,531	106,603
Purchases from holding company	8,101,998	7,299,624
Rental income from related company	—	11,000
Trademark expenses paid to related company	13,701	7,151



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## 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)

There have been no transfers between fair value measurement levels during the financial years ended 31 March 2017 and 2016.

Determination of fair value

The following table shows an analysis of asset measured at fair value at the end of the balance sheet date:

	Fair value measurements at the end of the year using			Total \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant unobservable inputs (Level 3) \$	
<b>Group and Company</b>				
<b>2017</b>				
<b>Non-financial assets</b>				
Leasehold building	—	—	4,400,000	4,400,000



## 21. Fair value of financial instruments (cont'd)

## A. Fair value of financial instruments that are carried at fair value (cont'd)

Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

	Fair value measurements at the end of the year using			Total
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant unobservable inputs (Level 3) \$	
<b>Group and Company</b>				
<b>2016</b>				
<b>Non-financial assets</b>				
Leasehold building	—	—	4,800,000	4,800,000

For leasehold building, a significant increase (decrease) in yield adjustments based on external valuer's assumptions would result in significantly lower (higher) fair value measurement.

\* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

Valuation policies and procedures

The valuation is performed by external valuation experts, Colliers International Consultancy & Valuation (Singapore) Pte Ltd. In selecting the appropriate valuation models and inputs, the external valuation experts have calibrated the valuation models and inputs to actual market transactions that are relevant to the valuation.

## 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

*Trade and other receivables (Note 12), cash at bank and cash on hand (Note 13), loans and borrowings (Note 15), trade and other payables (Note 16) and accrued operating expenses*

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



21. Fair value of financial instruments (cont'd)

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 end of the reporting period, 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 end of the reporting period, 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.

Credit risk concentration profile

As at balance sheet date, the Group and the Company has 64% (2016: 48%) of its trade debts relating to six (2016: five) major customers.

Financial assets that are neither past due nor impaired

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



Notes to the Financial Statements  
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## 22. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*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 Group's and the Company's financial liabilities, which are trade and other payables, accrued operating expenses and loans and borrowings, mature within one year of the end of the reporting period.

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

		Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 2 to 5 years
	\$	\$	\$	\$
<b>Group and Company</b>				
<b>2017</b>				
<b>Financial assets</b>				
Trade and other receivables	6,203,335	6,203,335	6,203,335	—
Cash and bank balances	2,517,098	2,517,098	2,517,098	—
<b>Total undiscounted financial assets</b>	<b>8,720,433</b>	<b>8,720,433</b>	<b>8,720,433</b>	<b>—</b>
<b>Financial liabilities</b>				
Trade and other payables	3,131,348	3,131,348	3,131,348	—
Loans and borrowings	590,774	593,054	593,054	—
Accrued operating expenses	743,333	743,333	743,333	—
<b>Total undiscounted financial liabilities</b>	<b>4,465,455</b>	<b>4,467,735</b>	<b>4,467,735</b>	<b>—</b>
<b>Total net undiscounted financial assets</b>	<b>4,254,978</b>	<b>4,252,698</b>	<b>4,252,698</b>	<b>—</b>



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For the financial year ended 31 March 2017

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

(b) *Liquidity risk (cont'd)*

Group and Company	Carrying amount \$	Cash flows		
		Contractual cash flows \$	Within 1 year \$	Within 2 to 5 years \$
<b>2016</b>				
<b>Financial assets</b>				
Trade and other receivables	6,604,369	6,604,369	6,604,369	—
Cash and bank balances	2,821,024	2,821,024	2,821,024	—
<b>Total undiscounted financial assets</b>	<b>9,425,393</b>	<b>9,425,393</b>	<b>9,425,393</b>	<b>—</b>
<b>Financial liabilities</b>				
Trade and other payables	4,691,107	4,691,107	4,691,107	—
Loans and borrowings	1,054,814	1,058,449	1,058,449	—
Accrued operating expenses	1,057,211	1,057,211	1,057,211	—
<b>Total undiscounted financial liabilities</b>	<b>6,803,132</b>	<b>6,806,767</b>	<b>6,806,767</b>	<b>—</b>
<b>Total net undiscounted financial assets</b>	<b>2,622,261</b>	<b>2,618,626</b>	<b>2,618,626</b>	<b>—</b>

(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. Approximately 28% (2016: 33%) of the Group's sales are denominated in foreign currencies whilst almost 29% (2016: 20%) of costs are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures. The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.



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

(c) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the United State Dollar ("USD") and Hong Kong Dollar ("HKD") exchange rates against its functional currency, with all other variables held constant.

		2017 Profit before tax \$	2016 Profit before tax \$
USD/SGD	- strengthened 5% (2016: 5%)	33,073	10,210
	- weakened 5% (2016: 5%)	(33,073)	(10,210)
HKD/SGD	- strengthened 5% (2016: 5%)	76,182	132,567
	- weakened 5% (2016: 5%)	(76,182)	(132,567)

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 years ended 31 March 2017 and 2016.

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 owners of the Company.



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23. Capital management (cont'd)

	Group	
	2017	2016
	\$	\$
Loans and borrowings (Note 15)	590,774	1,054,814
Trade and other payables (Note 16)	3,131,348	4,691,107
Accrued operating expenses	743,333	1,057,211
Less: Cash at bank and on hand (Note 13)	(2,517,098)	(2,821,024)
Net debt	1,948,357	3,982,108
Equity attributable to owners of the Company	12,414,383	12,712,239
Capital and net debt	14,362,740	16,694,347
Gearing ratio	14%	24%

24. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 21 April 2017.