Chloride Batteries S.E. Asia Pte. Limited
Registration Number: 195800125E

Annual Report
Year ended 31 March 2019

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Gautam Chatterjee
A K Mukherjee
Arun Mittal
Freddy Tan Teng Siah

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct interest	
Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**
Ordinary shares of the holding company		
Exide Industries Limited		
Gautam Chatterjee	-	10,000
A K Mukherjee	1,000	1,000
Arun Mittal	1,152	1,152

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

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 in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Arun Mittal
Director

Freddy Ta Teng Siah
Director

20 April 2019

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Independent auditors' report

Member of the Company
Chloride Batteries S.E. Asia Pte. Limited

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), which comprise the statement of financial position as at 31 March 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS33.

In our opinion, the accompanying financial statements 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 financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows 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 '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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.

Responsibilities of management and directors for the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 Company's internal controls.

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

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 controls 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.

Public Accountants and
Chartered Accountants

Singapore
20 April 2019

Statement of financial position
As at 31 March 2019

	Note	2019 $'000	2018 $'000
Assets			
Property, plant and equipment	4	4,230	4,690
Investment in subsidiary	5	3	3
Deferred tax assets	10	797	789
Non-current assets		5,030	5,482
Inventories	6	3,280	4,091
Trade and other receivables	7	5,921	6,182
Prepaid operating expenses		30	34
Cash and cash equivalents	8	4,082	3,387
Current assets		13,313	13,694
Total assets		18,343	19,176
Equity			
Share capital	9	9,737	9,737
Revaluation reserve		4,741	4,741
Accumulated losses		(2,873)	(2,641)
Equity attributable to owners of the Company		11,605	11,837
Liabilities			
Deferred tax liabilities	10	718	722
Non-current liabilities		718	722
Provisions	11	902	734
Trade and other payables	12	5,118	5,883
Current liabilities		6,020	6,617
Total liabilities		6,738	7,339
Total equity and liabilities		18,343	19,176

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
Year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Revenue – Sale of goods		27,311	23,369
Other operating income	13	38	52
Increase/(decrease) in inventories of manufactured finished goods and work-in-progress	6	(179)	74
Raw materials consumed	6	(2,434)	(2,715)
Cost of purchased trading goods sold	6	(18,767)	(15,770)
Staff costs	14	(2,924)	(3,116)
Depreciation of property, plant and equipment	4	(495)	(513)
Other operating expenses		(2,795)	(2,080)
Interest expenses	15	–	(3)
Loss before tax	16	(245)	(702)
Tax credit	17	13	122
Loss for the year/Total comprehensive loss for the year		(232)	(580)

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2019

	Share capital $'000	Revaluation reserve [1] $'000	Retained earnings $'000	Total equity $'000
At 1 April 2017	9,737	4,741	(2,061)	12,417
Total comprehensive loss for the year				
Loss for the year	–	–	(580)	(580)
Total comprehensive loss for the year	–	–	(580)	(580)
At 31 March 2018	9,737	4,741	(2,641)	11,837
At 1 April 2018	9,737	4,741	(2,641)	11,837
Total comprehensive loss for the year				
Loss for the year	–	–	(232)	(232)
Total comprehensive loss for the year	–	–	(232)	(232)
At 31 March 2019	9,737	4,741	(2,873)	11,605

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

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Loss before tax		(245)	(702)
Adjustments for:			
Depreciation of property, plant and equipment	4	495	513
Write off of property, plant and equipment	4	–	2
Interest expenses	15	3	3
Unrealised foreign currency gain		(53)	110
Provision for warranty claims	11	282	253
Provision for leave entitlement written back	11	(24)	8
Allowance for doubtful trade debts	7	753	–
Allowance for doubtful trade debts written back	7	(2)	(61)
		1,209	126
Changes in:			
- inventories		811	(546)
- trade and other receivables and prepaid operating expenses		(489)	85
- trade and other payables and accrued operating expenses		(761)	2,026
Cash generated from operating activities		770	1,691
Warranty claims paid	11	(90)	(37)
Interest paid	15	(3)	(3)
Net cash from operating activities		677	1,651
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		–	2
Purchase of property, plant and equipment	4	(35)	(75)
Net cash used in investing activities		(35)	(73)
Cash flows from financing activities			
Proceeds from trade bills financing		–	1,633
Repayment of trade bills financing		–	(2,224)
Net cash used in financing activities		–	(591)
Net increase in cash and cash equivalents		642	987
Cash and cash equivalents at the beginning of the year		3,387	2,517
Effect of exchange rates		53	(117)
Cash and cash equivalents at the end of the year	8	4,082	3,387

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 April 2019.

1 Domicile and activities

Chloride Batteries S.E. Asia Pte. Limited ('the Company') is incorporated in Singapore. The address of the Company's registered office is 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 immediate and ultimate holding company is Exide Industries Limited, a company incorporated in India.

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 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

Consolidated financial statements are not prepared as the Company met the exempt criteria under FRS 110 *Consolidated Financial Statements* and is a wholly-owned subsidiary of Exide Industries Limited ("EIL"), a company incorporated in India, which prepares consolidated financial statements. Exide Industries Limited ("EIL") has its registered office at Exide House, 59E Chowringhee Road, Kolkata 700020, West Bengal, India.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 April 2018

The Company classifies non-derivative financial assets into loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding construction contract in progress).

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies its non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Company's non-derivative financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term fixed deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Impairment

Non-derivative financial assets – Policy applicable from 1 April 2018

The Company assesses loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised costs (including amounts due from related parties, trade receivables and cash and cash equivalents).

Loss allowances of the Company are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, external credit ratings and default rates.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). In assessing the amount of loss allowance to be provided the Company uses current credit ratings of customers and banks to derive the probability of default, historical trends of the timing of recoveries and amount of loss incurred on related party and third party receivables, and the ageing profile of receivables.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-derivative financial assets – Policy applicable before 1 April 2018

A financial asset not carried at fair value through profit and loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are similar to the conditions indicating increased credit risk of financial asset under the ECL model. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individual significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.4 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Plant and equipment	10 years
• Fixtures, fittings and office equipment	3 - 10 years
• Motor vehicles	5 years

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.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leases

When Company is a lessor of an operating lease

Assets subject to operating leases are included in property, plant and equipment or investment property and are stated at cost less accumulated depreciation and impairment losses. Rental income is recognised on a straight-line basis over the lease term.

When Company is a lessee of an operating lease

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.6 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.

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.

3.7 Employee benefits

(i) Defined contribution plans

The Company 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 Company 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.

(ii) 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.

3.8 Provisions

(i) General

Provisions are recognised when the Company 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.

(ii) 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.

3.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the Company satisfies a Performance Obligation (PO) by transferring control of a promised good to the customer. This is usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and that the amount of revenue can be measured reliably. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

The amount of revenue recognised is the amount of transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods. The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods.

Sale of goods

Revenue derived from sale of goods is usually recognised at the point in time when the product is received at the customer's warehouse.

3.10 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".

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.12 New standards and interpretations not adopted

FRS 116 *Leases* is effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early adopted the new standard in preparing these financial statements.

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets representing its rights to use the underlying asset and lease liabilities representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases-Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116, when effective, will change the existing accounting standard and guidance applied by the Company in accounting for leases, and is expected to be relevant to the Company. The Company is still in the process of assessing the impact of adopting FRS 116 and interpretations on its financial statements. The Company does not plan to adopt FRS 116 early.

The Company plan to apply FRS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

4 Property, plant and equipment

	Leasehold building $'000	Plant and equipment $'000	Furniture, fittings and office equipment $'000	Total $'000
Cost or valuation				
At 1 April 2017	5,908	614	822	7,344
Additions	2	51	22	75
Write off	–	–	(10)	(10)
At 31 March 2018	5,910	665	834	7,409
Additions	–	9	26	35
At 31 March 2019	5,910	674	860	7,444
Representing:				
Cost	1,110	674	860	2,644
Valuation	4,800	–	–	4,800
	5,910	674	860	7,444
Accumulated depreciation				
At 1 April 2017	1,061	437	714	2,212
Charge for the year	440	39	34	513
Write off	–	–	(6)	(6)
At 31 March 2018	1,501	476	742	2,719
Charge for the year	440	29	26	495
At 31 March 2019	1,941	505	768	3,214
Carrying amounts				
At 1 April 2017	4,847	177	108	5,132
At 31 March 2018	4,409	189	92	4,690
At 31 March 2019	3,969	169	92	4,230
At 31 March 2018				
Cost	409	189	92	690
Valuation	4,000	–	–	4,000
Total	4,409	189	92	4,690
At 31 March 2019				
Cost	369	169	92	630
Valuation	3,600	–	–	3,600
Total	3,969	169	92	4,230

The Company 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 $'000
Carrying amount	
At 31 March 2018	226
At 31 March 2019	203

Assets pledged as security

Leasehold building with a carrying amount of $3,969,000 (2018: $4,409,000) is mortgaged to secure the Company's banking facilities.

5 Investment in subsidiary

	2019 $'000	2018 $'000
Unquoted equity shares, at cost	3	3

Details of investment in subsidiary are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Equity holding 2019 %	Equity holding 2018 %
Exide Batteries (Pvt) Limited	Dormant	Sri Lanka	100	100

The subsidiary has not commenced operations since its incorporation.

6 Inventories

	2019 $'000	2018 $'000
Raw materials	398	538
Work-in-progress	–	216
Manufactured finished goods	286	249
Purchased trading goods	2,596	3,088
	3,280	4,091

	2019 $'000	2018 $'000
Statement of comprehensive income:		
Inventories recognised as an expense in:		
Decrease in inventories of manufactured finished goods and work-in-progress	179	(74)
Raw materials consumed	2,434	2,715
Cost of purchased trading goods sold	18,767	15,770

7 Trade and other receivables

	2019 $'000	2018 $'000
Trade receivables from external parties	6,601	6,160
Less: Allowance for impairment losses	(775)	(24)
	5,826	6,136
Amount due from related company	68	9
Deposits	22	16
Advances and staff loans	5	5
Other receivables	–	16
Trade and other receivables	5,921	6,182

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

	2019 $'000	2018 $'000
United States Dollar	426	191
Hong Kong Dollar	1,254	850

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 Company has trade receivables amounting to $2,157,000 (2018: $2,412,000) 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:

	2019 $'000	2018 $'000
Trade receivables past due but not impaired:		
Less than 30 days	811	728
30 to 60 days	612	307
61 to 90 days	326	222
More than 90 days	408	1,155
	2,157	2,412

Receivables that are impaired

The Company'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:

	2019 $'000	2018 $'000
Trade receivables - nominal amounts	775	24
Less: Allowance for impairment	(775)	(24)
	–	–
Movement in allowance accounts:		
At 1 April	24	143
Charge for the financial year	753	–
Written back	(2)	(61)
Written off	–	(58)
At 31 March	775	24

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.

8 Cash and cash equivalents

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

	2019 $'000	2018 $'000
United States Dollar	998	397
Hong Kong Dollar	1,117	1,083
Australian Dollar	1	1

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

	2019 $'000	2018 $'000
Cash at bank and on hand	4,082	3,387

9 Share capital

	2019 No of shares '000	2019 $'000	2018 No of shares '000	2018 $'000
Ordinary shares issued and fully paid				
At the beginning and end of the financial year	7,000	9,737	7,000	9,737

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. All shares rank equally with regard to the Company's residual assets.

Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 2019 and 2018.

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

	Note	2019 $'000	2018 $'000
Trade and other payables	12	3,991	4,577
Accrued operating expenses	12	1,032	1,161
Less: Cash and cash equivalents	8	(4,082)	(3,387)
Net debt		941	2,351
Equity attributable to owners of the Company		11,605	11,837
Capital and net debt		12,546	14,188
Gearing ratio		8%	17%

The Company is not subject to external imposed capital requirements.

10 Deferred tax assets/liabilities

	2019 $'000	2018 $'000
Deferred tax assets:		
Provisions	154	125
Tax losses	124	113
Unutilised capital allowances	519	551
	797	789
Deferred tax liabilities:		
Differences in depreciation for tax purposes	106	42
Revaluation to fair value - property, plant and equipment	612	680
	718	722

Tax losses and unutilised capital allowances of approximately $3,054,000 and $728,000 (2018: $3,240,000 and $666,000) respectively, which are available to set off against future income are subject to the approval and agreement with the tax authority. These losses and other deductible temporary differences do not expire under current tax legislation.

11 Provisions

	2019 $'000	2018 $'000
Provision for warranty claims	784	592
Provision for employee leave entitlement	118	142
	902	734

Movements in provision for warranty claims are as follows:

	2019 $'000	2018 $'000
At 1 April	592	376
(Write-back)/Charge during the financial year	282	253
Utilised during the financial year	(90)	(37)
At 31 March	784	592

Movements for provision for employee leave entitlement are as follows:

	2019 $'000	2018 $'000
At 1 April	142	135
(Write-back)/Charge during the financial year	(24)	7
At 31 March	118	142

12 Trade and other payables

	2019 $'000	2018 $'000
Trade payables:		
- External parties	1,222	996
- Holding company	2,400	3,115
- Related company	101	197
	3,723	4,308
Other payables - External parties	268	269
Accrued operating expenses	1,032	1,161
Financial liabilities carried at amortised cost	5,023	5,738
Goods and services tax payable	95	145
Trade and other payables	5,118	5,883

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

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

	2019 $'000	2018 $'000
United States Dollar	1,276	558
Hong Kong Dollar	321	33
Thai Baht	1	1

13 Other operating income

	2019 $'000	2018 $'000
Workplace Health Promotion and Wage Credit Scheme cash grant	32	35
Special/Temporary employment credit cash grant	6	17
	38	52

14 Staff costs

	Note	2019 $'000	2018 $'000
Staff costs (including key management compensation)			
Wages and salaries		2,618	2,789
Central Provident Fund contributions		258	279
Other short-term benefits		48	48
	16	2,924	3,116

	2019 $'000	2018 $'000
Key management compensation		
- Salaries and other benefits	289	304
- Central Provident Fund contributions	14	17
	303	321
Comprise amounts paid to:		
- Other key management personnel	303	321

15 Interest expenses

	2019 $'000	2018 $'000
Bank borrowings	–	3

16 Loss before tax

The following item has been included in arriving at loss before tax:

	Note	2019 $'000	2018 $'000
Allowance for doubtful trade debts		753	–
Allowance for doubtful trade debts written back/ written off		(2)	(119)
Loss on disposal of property, plant and equipment		–	1
Foreign exchange (gain)/loss		(8)	119
Warranty expenses		346	332
Operating leases expenses		169	183
Staff costs	14	2,924	3,116

17 Tax credit

	2019 $'000	2018 $'000
Current tax credit		
Over provision in prior years	–	(11)
	–	(11)
Deferred tax expense		
Origination and reversal of temporary differences	(13)	(111)
Under provision in prior years	–	–
	(13)	(111)
Total tax credit	(13)	(122)

Reconciliation of effective tax rate	2019 $'000	2018 $'000
Loss before tax	(245)	(703)
Tax using Singapore tax rate of 17% (2018: 17%)	(42)	(119)
Non-deductible expenses	31	36
Effect on partial tax exemption and tax relief	–	(2)
Non-taxable income	–	(19)
Over provision in prior years	–	(11)
Others	(2)	(7)
	(13)	(122)

18 Operating lease commitments

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

	2019 $'000	2018 $'000
Not later than one year	163	160
Later than one year but not later than five years	428	320
Later than five years	310	378
	901	858

The non-cancellable operating lease relates to the leasehold building for manufacturing and distribution purposes. This lease has a remaining lease term of 9 (2018: 10) years and includes a clause to enable upward revision of the rental charges on a 5 yearly basis based on the prevailing market conditions. With land rental revision effective 1 January 2018, the lease commitments for the Company have been appropriately revised to reflect the change. The lease terms do not contain restrictions on the Company's activities concerning dividends, additional debt or further leasing.

19 Related party

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

	2019 $'000	2018 $'000
Sales of goods to holding company	(35)	(108)
Purchases from related company	646	1,315
Purchases from holding company	12,219	10,343
Trademark expenses paid to related company	5	8

20 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's risk management policies are established to identify and analyse risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market condition and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables and amounts due from related parties.

The carrying amounts of financial assets represent the maximum credit exposure. The Company does not hold any collateral in respect of its financial assets. The maximum exposure to credit risk as at reporting date is as follows:

	Note	2019 $'000	2018 $'000
Trade and other receivables	7	5,921	6,182
Cash and cash equivalents	8	4,082	3,387
		10,003	9,569

Impairment losses on financial assets recognised in profit or loss were as follows.

	2019 $'000	2018 $'000
Impairment loss on trade receivables	775	–

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Company has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. If the customers are independently rated, these ratings are used. Otherwise, the credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

For the year ended, the Company's eight major customers collectively accounted for approximately 69% (2018: 61%) of its total trade and other receivables, of which one customer's balance has been credit-impaired at the reporting date. The Company believes that the concentration of its credit risk in trade and other receivables is mitigated substantially by its credit evaluation process, credit policies and credit control and collection procedures.

A summary of the Company's exposures to credit risk for trade and other receivables is as follows:

	2019		2018
	Not credit-impaired $'000	Credit-impaired $'000	$'000
Third party trade receivables	5,826	775	6,136
Third party other receivables	27	–	37
Related party trade receivables	68	–	9
Total gross carrying amount	5,921	775	6,182
Loss allowance	–	(775)	–
	5,921	–	6,182

Comparative information under FRS 39

The ageing of trade and other receivables as at 31 March 2018 is as follows:

	2018	
	Gross $'000	Impairment losses $'000
Not past due	3,748	–
Less than 30 days	728	–
30 to 60 days	307	–
61 to 90 days	222	–
More than 90 days	1,155	(24)
	6,160	(24)

Based on historical default rates, the Company provided for impairment allowance for past due receivables balance as at 31 March 2018 related to a customer that is not expected to be able to pay its outstanding balances, mainly due to economic circumstances.

Expected credit loss assessment as at 1 April and 31 March 2019

Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Based on the credit ratings of the trade customers and the historical default rates, the expected credit loss on trade receivables of the Company was assessed to be insignificant.

Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of exposures. The Company considers its other receivables to have low credit risk and the amount of the allowance on other receivables is insignificant.

Movements in allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2018
	$'000
Balance as at 1 April under FRS 39	–
Adjustment on initial application of FRS 109	–
Balance as at 1 April under FRS 109	–
Amounts written off	775
Re-measurement of loss allowance	–
Balance as at 31 March	775

Other than the impairment loss of $775,000 relating to several customer facing financial difficulties during the year, the Company has assessed that there is no other impairment loss required and that the expected credit loss allowance was insignificant on the date of initial application and at year end.

Cash and cash equivalents

The Company held cash and cash equivalent of $4,082,000 (2018: $3,387,000) at 31 March 2019. The cash and cash equivalents are held with bank and financial institution counterparties, which are mainly rated Aa2 based on Moody's ratings.

ECL allowance on cash and cash equivalent has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers its cash and cash equivalents to have low credit risk based on external credit ratings of the banks and financial institution counterparties and as a result amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

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

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 Company's financial assets and liabilities, which are not measured at fair value, at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount $'000	Cash flows Contractual cash flows $'000	Within 1 year $'000
2019			
Financial assets			
Trade and other receivables	5,921	5,921	5,921
Cash and cash equivalents	4,082	4,082	4,082
	10,003	10,003	10,003
Financial liabilities			
Trade and other payables	5,023	5,023	5,023
	4,980	4,980	4,980
2018			
Financial assets			
Trade and other receivables	6,182	6,182	6,182
Cash and cash equivalents	3,387	3,387	3,387
	9,569	9,569	9,569
Financial liabilities			
Trade and other payables	5,738	5,738	5,738
	3,831	3,831	3,831

Foreign currency risk

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company. Approximately 26% (2018: 14%) of the Company's sales are denominated in foreign currencies whilst almost 37% (2018: 14%) of costs are denominated in foreign currencies. The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures. The Company and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company'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.

		Profit before tax 2019 $'000	Profit before tax 2018 $'000
USD/SGD	- strengthened 6% (2018: 8%)	(11)	(12)
	- weakened 6% (2018: 8%)	11	12
HKD/SGD	- strengthened 6% (2018: 1%)	123	19
	- weakened 6% (2018: 1%)	(123)	(19)

Fair value of financial instruments

Fair value hierarchy

The Company 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 in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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 2019 and 2018.

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			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable input (Level 3) $'000**	**Total $'000**
2019				
Non-financial assets				
Leasehold building	–	3,600	–	3,600
2018				
Non-financial assets				
Leasehold building	–	4,000	–	4,000

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.

Accounting classifications and fair values

The carrying amounts of the Company's financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, financial derivatives, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values due to the relatively short-term maturity of these financial instruments. Accordingly, no fair value information is separately disclosed.

Financial assets and financial liabilities by category

Set out below is a comparison by category of carrying amounts of all the Company's financial assets and financial liabilities, which are not measured at fair value, that are carried in the financial statements.

	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000
2019			
Assets			
Trade and other receivables	5,921	–	5,921
Cash and cash equivalents	4,082	–	4,082
	10,003	–	10,003
Liabilities			
Trade and other payables	–	5,023	5,023

	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
2018			
Assets			
Trade and other receivables	6,182	–	6,182
Cash and cash equivalents	3,387	–	3,387
	9,569	–	9,569
Liabilities			
Trade and other payables	–	5,738	5,738