CHLORIDE BATTERIES S.E. ASIA PTE. LIMITED

Balance Sheet

And

Auditors' Report

2020-21

Auditors:

KPMG LLP

Chartered Accountants

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

KPMG

14

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

Annual Report
Year ended 31 March 2021

Directors' statement

We hereby submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2021.

In our opinion:

- the financial statements set out on pages FS1 to FS41 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 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

- 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
Avik Roy
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 immediate holding company		
Exide Industries Limited		
Gautam Chatterjee	10,000	10,000
A K Mukherjee	1,000	1,000

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

Sd/-

Avik Roy
Director

Sd/-

Freddy Tan Teng Siah
Director

29 April 2021

KPMG

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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 2021, 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 FS41.

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 2021 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, which comprises the Directors' statement, prior to the date of this auditors' report.

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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.

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- 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.

Sd/-

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 April 2021

Statement of financial position
As at 31 March 2021

	Note	2021 $'000	2020 $'000
Assets			
Property, plant and equipment	4	4,320	4,440
Investment in subsidiary	5	–	3
Other investments	6	559	563
Deferred tax assets	7	–	615
Non-current assets		4,879	5,621
Inventories	8	3,540	2,727
Trade and other receivables	9	3,668	6,556
Prepaid operating expenses		75	20
Cash and cash equivalents	10	4,203	2,844
Current assets		11,486	12,147
Total assets		16,365	17,768
Equity			
Share capital	11	9,737	9,737
Revaluation reserve	11	4,661	4,741
Accumulated losses		(3,757)	(2,716)
Equity attributable to owners of the Company		10,641	11,762
Liabilities			
Deferred tax liabilities	7	459	640
Lease liabilities	12	560	524
Provisions	13	185	–
Non-current liabilities		1,204	1,164
Provisions	13	241	517
Trade and other payables	14	3,955	4,194
Lease liabilities	12	324	131
Current liabilities		4,520	4,842
Total liabilities		5,724	6,006
Total equity and liabilities		16,365	17,768

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

Statement of comprehensive income
Year ended 31 March 2021

	Note	2021 $'000	2020 $'000
Revenue	15	14,671	22,339
Other income	16	1,233	444
Increase/(Decrease) in inventories of manufactured finished goods and work-in-progress	8	71	(70)
Raw materials consumed	8	(843)	(1,726)
Cost of purchased trading goods sold	8	(9,764)	(15,721)
Staff costs	17	(3,868)	(3,305)
Depreciation of property, plant and equipment	4	(747)	(626)
(Impairment loss)/Reversal of impairment loss on trade receivables and contract assets, net		(533)	47
Other operating expenses		(769)	(1,067)
Interest expenses		(42)	(29)
(Loss)/Profit before tax	17	(591)	286
Tax expense	18	(450)	(129)
(Loss)/Profit for the year		(1,041)	157
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		(96)	–
Related tax	7	16	–
Other comprehensive loss for the year, net of tax		(80)	–
Total comprehensive (loss)/income for the year		(1,121)	157

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

Statement of changes in equity
Year ended 31 March 2021

	Share capital $'000	Revaluation reserve (1) $'000	Accumulated losses $'000	Total equity $'000
At 1 April 2019	9,737	4,741	(2,873)	11,605
Total comprehensive income for the year				
Profit for the year	–	–	157	157
At 31 March 2020	9,737	4,741	(2,716)	11,762
At 1 April 2020	9,737	4,741	(2,716)	11,762
Total comprehensive loss for the year				
Loss for the year	–	–	(1,041)	(1,041)
Other comprehensive loss				
Revaluation of property, plant and equipment	–	(96)	–	(96)
Related tax	–	16	–	16
Total other comprehensive loss for the year, net of tax	–	(80)	–	(80)
Total comprehensive loss for the year	–	(80)	(1,041)	(1,121)
At 31 March 2021	9,737	4,661	(3,757)	10,641

(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 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
(Loss)/Profit before tax		(591)	286
Adjustments for:			
Depreciation of property, plant and equipment	4	747	625
Write-off of property, plant and equipment	4	–	1
Impairment loss on investment in subsidiary		3	–
Interest income	16	(11)	(5)
Interest expense	17	42	29
Unrealised foreign currency gain		(56)	(158)
		134	778
Changes in:			
- inventories		(813)	553
- trade and other receivables		2,840	(503)
- trade and other payables		(223)	(941)
- provisions		(276)	(385)
Cash generated from/(used in) operating activities		1,662	(498)
Tax paid		–	(24)
Net cash from/(used in) operating activities		1,662	(522)
Cash flows from investing activities			
Interest received		15	4
Acquisition of debt investments		–	(562)
Acquisition of property, plant and equipment		(109)	(67)
Net cash used in investing activities		(94)	(625)
Cash flows from financing activities			
Repayment of lease liabilities		(210)	(114)
Lease interest paid		(32)	(29)
Net cash used in financing activities		(242)	(143)
Net increase/(decrease) in cash and cash equivalents		1,326	(1,290)
Cash and cash equivalents at the beginning of the year		2,844	4,082
Effect of exchange rates changes on balance held in foreign currencies		33	52
Cash and cash equivalents at the end of the year		4,203	2,844

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 29 April 2021.

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 and listed on three recognised stock exchanges 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 available for public use. 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 and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – fair value of buildings;
- Note 8 – net realisable value of inventories; and
- Note 20 – measurement of expected credit loss (ECL) allowance for trade receivables.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- *Interest Rate Benchmark Reform* (Amendments to FRS 109, FRS 39 and FRS 107)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(i) Subsidiary

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

3.1 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value through profit or loss (FVTPL) plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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 liabilities: Classification, subsequent measurement and gains and losses

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 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 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 either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - 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.

Transferred assets are not derecognised when 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.

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 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.

(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

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 debtor 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 remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track record, macroeconomic environment and general industry trends.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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 debtor;
- a breach of contract such as a default;
- 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-financial assets

The carrying amounts of the Company's non-financial assets, other than 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

Recognition and measurement

Property, plant and equipment (except for building) 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.

Classification of property, plant and equipment held under the revaluation model

The Company recognises its building (as a class of asset) at fair value. The Company re-evaluates the fair value of the building annually such that the carrying amount of the building at the reporting date does not differ materially from its fair value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same building. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings. The building under the revaluation model is carried at fair value at the date of revaluation, less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

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.

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.

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:

• Building	60 years
• Lease of land	60 years
• Plant and equipment	10 years
• Furniture fittings and office equipment	3 - 10 years
• Motor vehicles	5 years

Leasehold land

The lease, which was acquired in 1968, expires in 2028. The revalued amounts or the cost of building are 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

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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 is on a weighted average 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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(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.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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) Warranties

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.

(iii) Site restoration

In accordance with the Company's contractual obligations to return the leasehold land to the lessor in tenantable repair, a provision for site restoration in respect of restoration works, and the related expense, is recognised.

3.9 Revenue

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the 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 or services.

Sale of goods

Revenue derived from sale of goods is usually recognised at the point in time when the product is delivered to the customer.

Maintenance services

Revenue derived from maintenance services is recognised at the point in time when maintenance services are completed.

3.10 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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.

Current tax assets and liabilities are offset only if certain criteria are met.

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 investment in subsidiary 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. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.12 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Covid-19-Related Rent Concessions* (Amendment to FRS 116)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRS(I)s 2018 – 2020*

4 Property, plant and equipment

	Building $'000	Lease of land * $'000	Plant and equipment $'000	Furniture, fittings and office equipment * $'000	Motor vehicles * $'000	Total $'000
Cost or valuation						
At 1 April 2019	5,910	507	674	893	135	8,119
Additions	–	–	53	14	94	161
Write-off	–	–	–	(1)	–	(1)
At 31 March 2020	5,910	507	727	906	229	8,279
Additions	6	175	98	5	439	723
Revaluation of building	(96)	–	–	–	–	(96)
At 31 March 2021	5,820	682	825	911	668	8,906
Accumulated depreciation						
At 1 April 2019	1,941	–	505	768	–	3,214
Charge for the year	439	54	32	35	66	626
Write-off	–	–	–	(1)	–	(1)
At 31 March 2020	2,380	54	537	802	66	3,839
Charge for the year	440	74	38	32	163	747
At 31 March 2021	2,820	128	575	834	229	4,586
Carrying amounts						
At 1 April 2019	3,969	507	169	125	135	4,905
At 31 March 2020	3,530	453	190	104	163	4,440
At 31 March 2021	3,000	554	250	77	439	4,320

* *Includes right-of-use assets. Please see note 19 for information.*

(a) Security

Building with a carrying amount of $3,000,000 (2020: $3,530,000) is mortgaged to secure the Company's banking facilities.

(b) Fair value information

The fair value measurements for the building have been categorised as Level 3 fair value based on the inputs to the valuation technique used.

Level 3 fair value

The following table shows a breakdown of the total gains/(losses) recognised in respect of Level 3 fair value.

	2021 $'000	2020 $'000
Loss included in OCI		
- Change in fair value (unrealised)	(96)	–
- Related tax	16	–
	(80)	–

Valuation process applied by the Company for Level 3 fair value

The Company's building was valued in 2021 by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer engaged by the Company, using the comparison method and income capitalisation method

An assessment of the fair values of the Company's building is undertaken annually by management to assess that the fair value of the building does not differ materially from its carrying amount.

If this property was measured using the cost model, the carrying amount would be as follows:

	Building $'000
Carrying amount	
At 31 March 2020	330
At 31 March 2021	296

Valuation techniques and significant unobservable inputs

The following table shows the Company's valuation techniques used in measuring Level 3 fair value, as well as the significant unobservable inputs used:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs
Comparison approach: Comparable sales of similar properties are analysed and the sale prices are adjusted to be reflective of the property.	Transaction price of SGD45.20 to SGD232.26 per square foot (psf)	An increase/(decrease) in price would result in an increase/(decrease) in the estimated fair value.
Income capitalisation approach: The valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.	• Expected rental rates: SGD1.30 to SGD1.40 psf • Market rate of return: 6.75%	An increase/(decrease) in expected rental rates and/or a (decrease)/increase in capitalisation rate would result in an increase/(decrease) in the estimated fair value.

(c) **Impairment of non-financial assets**

In 2021, management assessed that there were indicators of impairment on non-financial assets due to the Company's operating losses and uncertain economic conditions. Consequently, management carried out an assessment of the recoverable amount of the non-financial assets.

The recoverable amount of non-financial assets was estimated based on present value of the future cash flows expected to be derived by the Company (i.e. value in use). Value in use was determined by discounting the future cash flows generated from the continuing use of the assets. The key assumptions applied in the computation of value in use include:

	2021
Average revenue growth rate	5.00%
Pre-tax discount rate	17.60%

The cash flow projections were based on forecasts prepared by management which considered current operating results and available market information. Based on management's assessment, the recoverable amount of the non-financial assets was higher than its carrying amount. As such, there is no impairment loss recognised on the non-financial assets as at 31 March 2021.

5 Investment in subsidiary

	2021 $'000	2020 $'000
Unquoted equity shares, at cost	–	3

Details of investment in subsidiary are as follows:

Name of subsidiary	**Principal activity**	**Country of incorporation**	**Equity holding** **2021** **%**	 **2020** **%**
Exide Batteries (Pvt) Limited	Dormant	Sri Lanka	–	100

The Company has fully impaired the investment in subsidiary during the year. The subsidiary has no operations and is not expected to generate future cash flows.

6 Other investments

	2021 $'000	2020 $'000
Non-current:		
Debt investments- at amortised cost	559	563

Debt investments classified as at amortised cost have stated interest rates of 2.75% to 3.22% (2020: 2.75% to 3.22%) and mature in 5 to 25 years (2020: 6 to 26 years). The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Credit and market risks, and fair value measurement

Information about the Company's exposures to credit and market risks, and fair value measurement, is included in note 20.

7 Deferred tax (assets)/liabilities

The nature and movements in deferred tax assets and deferred tax liabilities during the year are as follows:

	At 1 April 2020 S$'000	Recognised in profit or loss (Note 18) S$'000	At 31 March 2020 S$'000	Recognised in profit or loss (Note 18) S$'000	Recognised in other comprehensive income S$'000	At 31 March 2021 S$'000
Deferred tax assets						
Provisions	(154)	65	(89)	89	–	–
Tax losses	(124)	(309)	(433)	433	–	–
Unutilised capital allowances	(519)	428	(91)	91	–	–
Leases	–	(2)	(2)	2	–	–
	(797)	182	(615)	615	–	–
Deferred tax liabilities						
Property, plant and equipment	243	(78)	165	(165)	–	–
Revaluation to fair value - property, plant and equipment	475	–	475	–	(16)	459
	718	(78)	640	(165)	(16)	459
Net deferred tax (assets)/liabilities	(79)	104	25	450	(16)	459

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

	2021		2020	
	Gross amount $'000	**Tax effect $'000**	**Gross amount $'000**	**Tax effect $'000**
Deductible temporary differences	801	136	–	–
Tax losses	3,890	661	–	–
	4,691	797	–	–

Tax losses carried forward

The tax losses of $3,890,000 (2020: $Nil), unutilised capital allowances of $Nil (2020: $Nil) and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

8 Inventories

	2021 $'000	2020 $'000
Raw materials	368	290
Work-in-progress	68	63
Finished goods	3,104	2,374
	3,540	2,727

During the year, the following have been recognised as expense in statement of comprehensive income:

	2021 $'000	2020 $'000
Decrease in inventories of manufactured finished goods and work-in-progress	(71)	70
Raw materials consumed	843	1,726
Cost of purchased trading goods sold	9,764	15,721
Allowance for inventory obsolescene	38	–
Write-off of inventory	–	87

Source of estimation uncertainty

The net realisable value of inventories were estimated based on the amount for which an asset could be exchanged between a willing buyer and a willing seller in an arm's length transaction at the reporting date.

Management compares selling price less costs of completion and costs to make the sale of its inventories to ascertain whether inventories are valued at the lower of cost and net realisable value. Net realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include technical assessment and review of changing prices in subsequent sales.

The assessment of net realisable value requires judgement and the use of estimates. Possible changes in these estimates due to changing market conditions could result in downward revision to the valuation of inventories.

9 Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables from third parties	4,093	6,961
Less: Allowance for impairment losses	(1,239)	(706)
	2,854	6,255
Amount due from related company (non-trade)	–	80
Deposits	48	17
Contract assets	594	–
Advances and staff loans	6	5
Financial assets at amortised cost	3,502	6,357
Grant receivables	166	199
	3,668	6,556

Related party balances and grant receivables

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

Grant receivables pertain to grant from government on Jobs Supports Scheme and Jobs Growth Incentive Scheme as part of the COVID-19 relief measures.

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 20.

10 Cash and cash equivalents

	2021 $'000	2020 $'000
Bank balances	3,203	2,844
Short-term deposits	1,000	–
	4,203	2,844

The effective interest rate per annum relating to short-term deposits for the Company is 0.2% (2020: nil) at the reporting date.

11 Share capital

	2021 No of shares '000	2021 $'000	2020 No of shares '000	2020 $'000
Ordinary shares issued and fully paid				
At the beginning and end of the financial year	7,000	9,737	7,000	9,737

Ordinary shares

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.

Revaluation reserve

The revaluation reserve relates to the revaluation of building classified as property, plant and equipment.

12 Lease liabilities

	2021 $'000	2020 $'000
Lease liabilities		
Current	324	131
Non-current	560	524
	884	655

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

	Nominal interest rate %	Year of maturity	2021 Face value $'000	2021 Carrying amount $'000	2020 Face value $'000	2020 Carrying amount $'000
Lease liabilities	2.28 – 5.67	2022 – 2028	986	884	783	655

The Company's exposure to liquidity risk related to lease liabilities is disclosed in Note 20.

Reconciliation of movement of liabilities to cash flows arising from financing activities.

	Lease liabilities 2021 $'000	Lease liabilities 2020 $'000
Balance as at 1 April	655	675
Changes from financing cash flows		
Payment of lease liabilities	(210)	(114)
Interest paid	(32)	(29)
Total changes from financing cash flows	(242)	(143)
Other changes		
Interest expense	32	29
New leases	439	94
Total other changes	471	123
Balance as at 31 March	884	655

13 Provisions

	Warranty $'000	Unutilised leave $'000	Restoration costs $'000	Total $'000
2021				
Balance at 1 April	389	128	–	517
Unwind of discount on restoration costs	–	–	10	10
Provision made during the year	–	61	175	236
Provision reversed during the year	(288)	–	–	(288)
Provision utilised during the year	(49)	–	–	(49)
Balance at 31 March	52	189	185	426
Provisions due:				
- within 1 year	52	189	–	241
- after 5 years	–	–	185	185
	52	189	185	426
2020				
Balance at 1 April	784	118	–	902
Provision made during the year	152	10	–	162
Provision reversed during the year	(500)	–	–	(500)
Provision utilised during the year	(47)	–	–	(47)
Balance at 31 March	389	128	–	517
Provisions due:				
- within 1 year	389	128	–	517

14 Trade and other payables

	2021 $'000	2020 $'000
Trade payables:		
- Third parties	1,053	1,239
- Immediate holding company	1,459	1,532
- Related company	38	50
	2,550	2,821
Other payables - External parties	16	–
Accrued operating expenses(1)	848	904
	3,414	3,725
Contract liabilities	340	132
Goods and services tax payable	91	138
Deferred grant income(2)	110	199
Trade and other payables	3,955	4,194

(1) Included in accrued operating expenses are trade amounts due to holding company amounting to $310,000 (2020: $166,000).

(2) The Company has been awarded government grants under the Jobs Support Scheme and Enhanced Wage Credit Scheme, to provide wage support to the Company to help them retain local employees as part of the COVID-19 Government Relief Measure. Accordingly, the grant is recognised in profit or loss on a systematic basis over the 17 month period from April 2020 to August 2021 in the period when the Company recognises the salary costs of its employees.

The Company's exposures to currency risk and liquidity risk related to trade and other payables are disclosed in note 20.

15 Revenue

	2021 $'000	2020 $'000
Sale of goods	13,808	22,339
Maintenance services	863	–
	14,671	22,339

Nature of services	Sales of industrial battery chargers and services related to the maintenance of power systems
When revenue is recognised	Revenue is recognised at a point in time when goods have been delivered and accepted by customers, or when maintenance works (which is short-term) are completed.
Significant payment terms	The payments are due upon delivery or upon agreed terms (30-90 days terms).
Obligations for warranties	Sales of industrial battery chargers includes standard warranty terms of one to three years, under which customers are able to return and replace any defective products. The Company assessed that such warranty terms do not constitute separate performance obligations to customers and is recognised as a provision for warranty costs.

(a) Disaggregation of revenue from contracts with customerts

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets.

	2021 $'000	2020 $'000
Primary geographical markets		
Singapore	6,634	9,389
Hong Kong	3,653	4,855
Indonesia	607	1,802
Malaysia	1,174	1,143
Thailand	1,610	3,490
Others	993	1,660
Total	14,671	22,339

(b) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	2021 $'000	2020 $'000
Trade receivables	2,854	6,255
Contract assets	594	–
Contract liabilities	340	132

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on maintenance services. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

The contract liabilities solely relate to advance consideration received from customers for sale of products.

Significant changes in the contract assets and contract liabilities balances during the period are as follows.

	2021		2020	
	Contract assets $'000	Contract liabilities $'000	Contract assets $'000	Contract liabilities $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	132	–	–
Recognition of revenue, net of recognised in receivables	594	–	–	–
Increases due to cash received, excluding amounts recognised as revenue during the year	–	340	–	132

(c) Transaction price allocated to remaining performance obligation

The Company applies the practical expedient in paragraph 121 of FRS115 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less, as allowed by FRS115.

16 Other income

	2021 $'000	2020 $'000
Interest income	11	5
Government grants	822	39
Marketing support to immediate holding company	320	320
Royalty fee	80	80
	1,233	444

17 Loss/(Profit) before tax

The following item has been included in arriving at loss/(profit) before tax:

	2021 $'000	2020 $'000
Allowance for doubtful trade debts, net	433	(47)
Allowance for inventory obsolescence	38	–
Foreign exchange loss/(gain), net	123	(104)
Interest expense	42	29
Short-term lease expenses	–	23
Write-off of inventories	–	87
Staff costs	3,868	3,305
Staff costs (including key management compensation):		
- Wages and salaries	3,325	2,913
- Central Provident Fund contributions	377	319
- Other short-term benefits	166	73
	3,868	3,305

18 Tax expense

	2021 $'000	2020 $'000
Current tax expense		
Withholding tax paid	–	25
Deferred tax expense		
Origination and reversal of temporary differences	797	80
Changes in estimates related to prior years	(347)	24
	450	104
Total tax expense	450	129

	2021 $'000	2020 $'000
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(591)	286
Tax using Singapore tax rate of 17% (2020: 17%)	(100)	48
Non-deductible expenses	100	33
Non-taxable income	–	(1)
Temporary differences not recognised as deferred tax assets	797	–
Changes in estimates related to prior years	(347)	24
Withholding tax paid	–	25
	450	129

19 Leases

Leases as lessee (FRS 116)

The Company leases land, office equipment and motor vehicles. The leases typically run for a period from 3 to 60 years.

The land lease was entered into in 1968 and due to expire in 2028.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 4).

	Lease of land $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 April 2020	453	26	163	642
Depreciation charge for the year	(74)	(7)	(163)	(244)
Additions to right-of-use assets	175	–	439	614
Balance at 31 March 2021	554	19	439	1,012
Balance at 1 April 2019	507	33	135	675
Depreciation charge for the year	(54)	(7)	(66)	(127)
Additions to right-of-use assets	–	–	94	94
Balance at 31 March 2020	453	26	163	642

Amount recognised in profit or loss

	2021 $'000	2020 $'000
Lease under FRS 116		
Interest on lease liabilities	32	29
Expenses relating to short-term leases	–	23

Amount recognised in statement of cash flows

	2021 $'000	2020 $'000
Total cash outflow for leases	242	143

20 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market 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:

	2021 $'000	2020 $'000
Debt investments at amortised cost	559	563
Trade and other receivables*	3,502	6,357
Cash and cash equivalents	4,203	2,844
	8,264	9,764

* *Excludes grant receivables*

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

	2021 $'000	2020 $'000
Impairment loss on trade receivables	598	159

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. In addition, the COVID-19 pandemic has also increased the credit risks of the Company's receivables.

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 (2020: eight) major customers collectively accounted for approximately 75% (2020: 75%) of its total trade and other receivables, of which three (2020: one) customer's balance has been credit-impaired at the reporting date.

The Company assessed and estimated the forward-looking overlay adjustments on the historical credit loss rates taking into consideration the uncertainties in existing market conditions including the consideration of COVID-19 pandemic's impacts on the credit risk profile of customers. The forward-looking overlay aims to reflect the differences in economic conditions during the period over which the historical loss data has been compiled, current conditions and the Company's expectations of the economic conditions that might affect recoverability of the Company's trade receivables.

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:

	2021		2020	
	Not credit-impaired $'000	**Credit-impaired $'000**	**Not credit-impaired $'000**	**Credit-impaired $'000**
Third party trade receivables	2,873	1,220	6,255	706
Third party other receivables*	648	–	22	–
Related party trade receivables	–	–	80	–
Total gross carrying amount	3,521	1,220	6,357	706
Loss allowance	(19)	(1,220)	–	(706)
	3,502	–	6,357	–

* *Excludes grant receivables*

Expected credit loss assessment

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.

The followings tables provide information about the exposure to credit risk and ECLs for trade and other receivables as at 31 March:

	Weighted average loss rate %	**Not credit-impaired $'000**	**Credit-impaired $'000**	**Gross carrying amount $'000**	**Expected loss allowance $'000**	**Net $'000**
31 March 2021						
Not past due	0.00	2,402	–	2,402	–	2,402
Past due						
- less than 30 days	0.00	755	–	755	–	755
- 30 to 60 days	1.05	95	–	95	(1)	94
- 61 to 90 days	1.11	90	–	90	(1)	89
- more than 90 days	88.42	179	1,220	1,399	(1,237)	162
Total gross carrying amount	26.13	3,521	1,220	4,741	(1,239)	3,502
Loss allowance		(19)	(1,220)			
		3,502	–			

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

	Weighted average loss rate %	Not credit-impaired $'000	Credit-impaired $'000	Gross carrying amount $'000	Expected loss allowance $'000	Net $'000
31 March 2020						
Not past due	0.00	3,996	–	3,996	–	3,996
Past due						
- less than 30 days	0.00	763	–	763	–	763
- 30 to 60 days	0.70	424	3	427	(3)	424
- 61 to 90 days	0.64	772	5	777	(5)	772
- more than 90 days	63.45	402	698	1,100	(698)	402
Total gross carrying amount	10.00	6,357	706	7,063	(706)	6,357
Loss allowance		–	(706)			
		6,357	–			

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

The Company's trade and other 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:

	2021 Lifetime ECL $'000	2020 Lifetime ECL $'000
At 1 April	706	775
Charge for the financial year	598	159
Written back	(65)	(206)
Written off	–	(22)
At 31 March	1,239	706

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.

Cash and cash equivalents

The Company held cash and cash equivalents of $4,203,000 (2020: $2,844,000) at 31 March 2021. 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.

At the date of this report, the global COVID-19 pandemic is still evolving and continues to affect the markets that the Company operates in. Management believes that they have adequate cash flows and resources to meet their obligations. However, an escalation of the pandemic may adversely affect the Company's operations and increase its liquidity risk.

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.

		Cash flows			
	Carrying amount $'000	**Contractual cash flows $'000**	**Less than 1 year $'000**	**Between 1 and 5 years $'000**	**After 5 years $'000**
31 March 2021					
Non-derivative financial liabilities					
Trade and other payables *	3,414	3,414	3,414	–	–
Lease liabilities	884	986	355	528	103
	4,298	4,400	3,769	528	103
31 March 2020					
Non-derivative financial liabilities					
Trade and other payables *	3,725	3,725	3,725	–	–
Lease liabilities	655	783	156	386	241
	4,380	4,508	3,881	386	241

* *Excludes contract liabilities, goods and services tax payable and deferred grant income*

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Company is exposed to transactional foreign currency risk arising from its debt investments in quoted bonds and equities that are denominated in a currency other than the Singapore dollar, primarily the United States dollar (USD) and Hong Kong Dollar (HKD).

A summary of quantitative data about the Company's exposure to foreign currency risk is as follows:

	USD $'000	HKD $'000
31 March 2021		
Financial assets		
Trade and other receivables	139	703
Cash and cash equivalents	929	922
	1,068	1,625
Financial liabilities		
Trade and other payables	(575)	(73)
Net currency exposure	493	1,552
31 March 2020		
Financial assets		
Trade and other receivables	754	1,809
Cash and cash equivalents	208	375
	962	2,184
Financial liabilities		
Trade and other payables	(569)	(152)
Net currency exposure	393	2,032

Sensitivity analysis

A 10% (2020: 10%) strengthening of the following currencies against the functional currency of the Company at the balance sheet date would increase profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of firm commitments and highly probable forecast transactions in foreign currencies. The analysis is performed on the same basis for 2020.

	Profit or loss	
	2021 $'000	**2020 $'000**
USD	49	39
HKD	155	203

A 10% (2020: 10%) weakening of the above currencies against the functional currency of the Company at the balance sheet date would have equal but opposite effects on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of the changes in market interest rate.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Carrying amount	
	2021	**2020**
	$'000	**$'000**
Fixed rate instruments		
Short-term deposits	1,000	–
Lease liabilities	(884)	(655)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, in respect of the fixed rate instrument, a change in interest rates at the reporting date would not affect profit or loss.

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 2021 and 2020.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 March 2021							
Financial assets not measured at fair value							
Debt investments at amortised cost	559	–	559	554	–	–	554
Trade and other receivables *	3,502	–	3,502				
Cash and cash equivalents	4,203	–	4,203				
	8,264	–	8,264				
Financial liabilities not measured at fair value							
Trade and other payables **	–	3,414	3,414				

* *Excludes grant receivables*

** *Excludes contract liabilities, goods and services tax payable and deferred grant income*

	Carrying amount			Fair value			
	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 March 2020							
Financial assets not measured at fair value							
Debt investments at amortised cost	563	–	563	583	–	–	583
Trade and other receivables *	6,357	–	6,357				
Cash and cash equivalents	2,844	–	2,844				
	9,764	–	9,764				
Financial liabilities not measured at fair value							
Trade and other payables **	–	3,725	3,725				

* *Excludes grant receivables*

** *Excludes contract liabilities, goods and services tax payable and deferred grant income*

The fair value of debit investments are derived from their market quoted prices at the reporting date.

The carrying values of cash and cash equivalents, trade and other receivables and trade and other payables are reasonably approximate their fair values because these are short term in nature and are repriced frequently.

21 Related parties

Key management personnel compensation

Key management personnel is defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including directors and officers of the Company, and close members of the families of such individuals.

The key management personnel compensation included in staff costs are as follows:

	2021 $'000	2020 $'000
Key management compensation		
- Salaries and other benefits	338	342
- Central Provident Fund contributions	13	13
	351	355

Other related party transactions

During the year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties:

	2021 $'000	2020 $'000
Sale of goods to immediate holding company	–	(1)
Purchases from related company	66	385
Purchases from immediate holding company	4,784	8,093
Marketing support to immediate holding company	(320)	(320)
Expenses recharged by related company	3	–