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**First Quarter Financial Statement for the Period Ended 30 June 2006**

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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group income statement for the first quarter ("Q1") ended 30 June 2006. These figures have not been audited.

	Q1 ended 30.6.06 S \$'000	Q1 ended 30.6.05 S \$'000	Change %
Revenue	187,154	217,061	(13.8)
Cost of sales	(151,430)	(176,182)	(14.0)
Gross profit	35,724	40,879	(12.6)
Other operating income	1,258	752	67.3
Distribution expenses	(10,661)	(11,852)	(10.0)
Administrative expenses	(18,309)	(18,764)	(2.4)
Other operating expenses	(1,110)	(947)	17.2
Finance costs, net	(4,113)	(4,319)	(4.8)
Exceptional items	0	(2,245)	n/m
Profit before share of results of associates	2,789	3,504	(20.4)
Share of results of associates	1,272	1,716	(25.9)
Profit before income tax	4,061	5,220	(22.2)
Income tax	(780)	(808)	(3.5)
Profit after income tax	3,281	4,412	(25.6)
Attributable to:			
Equity holders of the Company	2,233	3,624	(38.4)
Minority interests	1,048	788	33.0
	3,281	4,412	(25.6)

n/m – not meaningful

	Q1 ended 30.6.06 S\$'000	Q1 ended 30.6.05 S\$'000
<b>Profit from operations is arrived at after crediting (charging) the following</b>		
Allowance for stock obsolescence	(1,002)	(2,642)
Depreciation and amortisation	(9,518)	(10,091)
<b>Exceptional items comprised:</b>		
Cost in relation to the relocation of production facilities	0	(2,245)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

As at	Group		Company	
	30.6.06 S\$'000	31.3.06 S\$'000	30.6.06 S\$'000	31.3.06 S\$'000
<b>Non-current assets:</b>				
Investment properties	15,740	16,075	800	800
Property, plant and equipment	259,146	271,946	5,998	6,121
Interest in subsidiaries	0	0	471,486	478,870
Interest in associates	58,603	58,338	26,579	26,579
Available-for-sale investments	4,263	4,358	0	0
Deferred tax assets	2,740	2,936	0	0
Deferred expenditure	25,022	26,791	1,332	1,410
Goodwill on consolidation	13,358	12,558	0	0
<b>Total non-current assets</b>	<b>378,872</b>	<b>393,002</b>	<b>506,195</b>	<b>513,780</b>
<b>Current Assets:</b>				
Stocks	165,766	169,212	3,901	4,552
Debtors	208,935	202,495	40,851	28,661
Derivative financial instruments	1,120	1,200	1,123	1,200
Available-for-sale investments	19,505	15,383	0	0
Assets held for sale	3,404	3,386	0	0
Tax recoverable	1,065	1,698	0	0
Deposits and prepayments	8,809	8,147	794	948
Bank balances, deposits and cash	36,679	35,804	3,200	3,301
<b>Total current assets</b>	<b>445,283</b>	<b>437,325</b>	<b>49,869</b>	<b>38,662</b>
<b>Current Liabilities:</b>				
Creditors and accrued charges	118,529	124,645	11,079	12,291
Obligations under finance leases	412	613	0	2
Income tax payable	1,551	4,023	609	609
Bank loans and overdrafts	108,318	98,186	31,048	18,068
Notes	102,510	103,571	102,510	103,571
<b>Total current liabilities</b>	<b>331,320</b>	<b>331,038</b>	<b>145,246</b>	<b>134,541</b>
<b>Net current assets (liabilities)</b>	<b>113,963</b>	<b>106,287</b>	<b>(95,377)</b>	<b>(95,879)</b>
<b>Non-current liabilities:</b>				
Bank loans	49,600	53,548	47,510	48,571
Obligations under finance leases	472	463	0	0
Notes	60,000	60,000	60,000	60,000
Deferred tax liabilities	8,116	8,696	625	625
<b>Total non-current liabilities</b>	<b>118,188</b>	<b>122,707</b>	<b>108,135</b>	<b>109,196</b>
	<b>374,647</b>	<b>376,582</b>	<b>302,683</b>	<b>308,705</b>
<b>Represented by:</b>				
Share capital	230,881	230,731	230,881	230,731
Reserves	93,841	95,011	71,802	77,974
Attributable to equity holders of the Company	324,722	325,742	302,683	308,705
Minority interests	49,925	50,840	0	0
	<b>374,647</b>	<b>376,582</b>	<b>302,683</b>	<b>308,705</b>

## Notes to the Group Balance Sheet

The increase in available-for-sale investments (current assets) of S\$4.1 million was mainly due to gains arising from changes in fair value of its quoted securities. The fair value of quoted securities are based on the closing market prices on the last market day of the financial period.

### 1(b)(ii) Aggregate amount of group's borrowings and debt securities.

#### Amount repayable in one year or less, or on demand

As at 30.6.06		As at 31.3.06	
Secured	Unsecured	Secured	Unsecured
S\$412,000	S\$210,828,000	S\$613,000	S\$201,757,000

#### Amount repayable after one year

As at 30.6.06		As at 31.3.06	
Secured	Unsecured	Secured	Unsecured
S\$472,000	S\$109,600,000	S\$463,000	S\$113,548,000

#### Details of any collateral

Net book value of fixed assets in respect of certain machinery, moulds and equipment held under finance leases:

As at 30.6.06		As at 31.3.06	
Group	Company	Group	Company
S\$4,978,000	Nil	S\$5,121,000	S\$43,000

Land and buildings with a total net book value of S\$3,828,000 (as at 31/3/06: S\$3,914,000) for the Group have been pledged to banks as securities for banking facilities granted.

#### Other comments to paragraph 1(b)(ii)

Not applicable.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q1 ended 30.6.06 S\$'000	Q1 ended 30.6.05 S\$'000
<b>Operating activities</b>		
Profit before income tax	4,061	5,220
Adjustments for:		
Depreciation and amortisation	9,518	10,091
Finance costs, net	4,113	4,319
Interest income	(168)	(64)
(Gain) Loss on disposal of property, plant and equipment	(20)	223
Share-based payment expense	0	129
Share of results of associates	(1,272)	(1,716)
Operating profit before working capital changes	16,232	18,202
Stocks	3,446	(12,065)
Debtors	(6,440)	(5,282)
Deposits and prepayments	(662)	(2,759)
Creditors and accrued charges	(4,487)	3,890
Cash generated from operations	8,089	1,986
Interest received	168	65
Interest paid	(5,596)	(4,805)
Income tax (paid) refund	(2,872)	2,524
Net cash used in operating activities	(211)	(230)
<b>Investing activities</b>		
Acquisition of associates	(2,371)	(15,784)
Dividends received from associates	2,093	4,248
Proceeds from disposal of property, plant and equipment	1,826	507
Purchase of additional investment in a subsidiary	(1,643)	0
Purchase of property, plant and equipment	(2,557)	(11,372)
Net cash used in investing activities	(2,652)	(22,401)
<b>Financing activities</b>		
Bank loans obtained	8,726	13,944
Dividend paid to minority shareholders	0	(45)
Issue of notes	0	60,000
Issue of shares	150	13
Repayment of obligations under finance leases	(315)	(3,899)
Repayment of notes	0	(50,000)
Net cash from financing activities	8,561	20,013
Effects of foreign exchange rate changes	(4,819)	6,033
Net increase in cash and cash equivalents	879	3,415
Cash and cash equivalents at beginning of period	34,000	40,220
<b>Cash and cash equivalents at end of period</b>	<b>34,879</b>	<b>43,635</b>
Cash and cash equivalents at end of period comprise:		
Bank balances and cash	36,679	44,953
Bank overdrafts	(1,800)	(1,318)
	<b>34,879</b>	<b>43,635</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital S\$'000	Capital/ legal reserve S\$'000	Translation reserve S\$'000	Property revaluation reserve S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Fair value reserve S\$'000	Sub- total S\$'000	Minority interest S\$'000	Total equity S\$'000
Balance at 31.3.06	230,731	(32,146)	(49,459)	1,806	2,521	176,600	1,133	(5,444)	325,742	50,840	376,582
Translation loss	0	0	(7,885)	0	0	0	0	0	(7,885)	(1,097)	(8,982)
Net fair value changes on available-for-sale investments	0	0	0	0	0	0	0	4,482	4,482	0	4,482
Net profit (loss) recognised directly in equity	0	0	(7,885)	0	0	0	0	4,482	(3,403)	(1,097)	(4,500)
Profit for the period	0	0	0	0	0	2,233	0	0	2,233	1,048	3,281
Total profit (loss) recognised for the period	0	0	(7,885)	0	0	2,233	0	4,482	(1,170)	(49)	(1,219)
Issue of shares	150	0	0	0	0	0	0	0	150	0	150
Transfer to (from) reserves	0	2,523	0	0	0	(2,523)	0	0	0	0	0
Purchase of additional investment in a subsidiary from minority shareholder	0	0	0	0	0	0	0	0	0	(866)	(866)
Balance at 30.6.06	230,881	(29,623)	(57,344)	1,806	2,521	176,310	1,133	(962)	324,722	49,925	374,647

Group	Share capital S\$'000	Share premium S\$'000	Capital/ legal reserve S\$'000	Translation reserve S\$'000	Property revaluation reserve S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Fair value reserve S\$'000	Sub- total S\$'000	Minority interest S\$'000	Total equity S\$'000
Balance at 31.3.05	87,563	143,106	(33,768)	(43,394)	1,978	2,408	168,633	1,004	(1,560)	325,970	46,923	372,893
Translation gain	0	0	0	9,451	0	0	0	0	0	9,451	1,332	10,783
Net fair value changes on available-for-sale investments	0	0	0	0	0	0	0	0	(622)	(622)	0	(622)
Net profit (loss) recognised directly in equity	0	0	0	9,451	0	0	0	0	(622)	8,829	1,332	10,161
Profit for the period	0	0	0	0	0	0	3,624	0	0	3,624	788	4,412
Total profit (loss) recognised for the period	0	0	0	9,451	0	0	3,624	0	(622)	12,453	2,120	14,573
Issue of shares	8	5	0	0	0	0	0	0	0	13	0	13
Share-based payment	0	0	0	0	0	0	0	129	0	129	0	129
Dividends paid to minority shareholders of subsidiaries	0	0	0	0	0	0	0	0	0	0	(45)	(45)
Transfer to (from) reserves	0	0	1,670	0	0	0	(1,670)	0	0	0	0	0
Balance at 30.6.05	87,571	143,111	(32,098)	(33,943)	1,978	2,408	170,587	1,133	(2,182)	338,565	48,998	387,563

#### **Note**

Under the Companies (Amendment) Act 2005 effective 30 January 2006, the concepts of par value and authorised share capital were abolished and the amount in the share premium account as of 30 January 2006 became part of the Company's share capital.

	Share capital	Share premium <Note>	Dividend reserve	Retained profits	Other reserve	Total equity
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 31.3.06	230,731	0	2,521	74,320	1,133	308,705
Issue of shares	150	0	0	0	0	150
Loss for the period	0	0	0	(6,172)	0	(6,172)
Balance at 30.6.06	230,881	0	2,521	68,148	1,133	302,683
Balance at 31.3.05	87,563	143,106	2,408	60,345	1,004	294,426
Issue of shares	8	5	0	0	0	13
Share-based payment	0	0	0	0	129	129
Profit for the period	0	0	0	7,570	0	7,570
Balance at 30.6.05	87,571	143,111	2,408	67,915	1,133	302,138

### **Note**

Under the Companies (Amendment) Act 2005 effective 30 January 2006, the concepts of par value and authorised share capital were abolished and the amount in the share premium account as of 30 January 2006 became part of the Company's share capital.



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Since 31 March 2006, 120,000 ordinary shares of the Company were issued pursuant to the exercise of options granted under the Company's Executives' Share Option Scheme, as follows:

	Number of issued shares	Issued share capital S\$'000
As at 31 March 2006	109,495,168	230,731
Issued at S\$1.25 per share	120,000	150
As at 30 June 2006	109,615,168	230,881

#### Status of outstanding Share Options

The total number of shares that may be issued on exercise of all outstanding share options granted under the Company's Executives' Share Option Scheme are as follows:

Share option	Date of Expiry	Exercise Price per each ordinary share of S\$0.80	As at 30.6.06	As at 30.6.05
<b>1999 Scheme</b>				
No. 1	16 March 2010	S\$1.41	375,000	375,000
No. 2	10 October 2010	S\$1.60	517,000	517,000
No. 2	10 October 2005	S\$1.60	0	30,000
No. 3	4 August 2012	S\$1.25	874,000	994,000
No. 3	4 August 2007	S\$1.25	69,000	70,000
No. 4	24 June 2013	S\$2.50	2,280,000	2,400,000
No. 4	24 June 2008	S\$2.50	100,000	100,000
			4,215,000	4,486,000

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted for the audited financial statements for the financial year ended 31 March 2006.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Q1 ended 30.6.06	Q1 ended 30.6.05
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary shares in issue	2.04 cents	3.31 cents
(b) On a fully diluted basis	1.99 cents	3.22 cents
Weighted average number of ordinary shares	109,592,750	109,457,684

For earnings per ordinary share calculation, the weighted average number of ordinary shares for the period represents the number of ordinary shares in issue at the beginning of the period adjusted for shares issued upon exercise of options, multiplied by a time-weighted factor. For the purpose of calculation the diluted earnings per ordinary shares, the weighted average number of ordinary shares in issue had been adjusted to reflect the effect of all potentially dilutive ordinary shares from the exercise of all outstanding share options.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**  
 (a) **current financial period reported on; and**  
 (b) **immediately preceding financial year.**

	Group		Company	
	30.6.06 S\$	31.3.06 S\$	30.6.06 S\$	31.3.06 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.96	2.97	2.76	2.82

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover for the three months ended 30 June 2006 was S\$187.2 million, a decrease of 13.8% over the corresponding period last year. The profit after tax attributable to equity holders of the Company for the first quarter was S\$2.2 million, against a profit of S\$3.6 million for the corresponding quarter last year.

Turnover decreased mainly due to market reactions to the price increase of Nickel Metal Hydride ("NiMH") rechargeable batteries that the Group has undertaken, and the continued keen competition of Lithium Ion (Li-ion) batteries. However, turnover for Carbon Zinc primary cylindrical batteries increased by about 12%.

Sales to North & South America decreased due to the weakened sales of Li-ion products. Sales to Asia and Europe also decreased, a result of the upward price adjustments of the Group's NiMH batteries.

Gross profit margin remained steady but net profit margin declined as a result of a decrease in turnover.

The relocation of part of the Li-ion batteries production facilities from Taiwan and Hong Kong to China had been completed.

Our joint venture company, Danionics Asia Limited had signed an agreement with a large international company to supply Lithium Polymer (LiP) batteries that will be used in Bluetooth-enabled equipment. This will enhance our potential to secure orders from other customers.

The Group is still awaiting the court's verdict on the remaining appeal case regarding cadmium exposure claims in China.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

These results are in line with the statement made by the Company in the announcement of results on 24 May 2006 for the financial year ended 31 March 2006.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The general business outlook remains difficult as raw material prices, especially Nickel and Zinc, continue to surge while interest rates remain high and Renminbi continues to strengthen. The Group has been implementing price increase of its batteries to selected markets and will continue to monitor its impact.

The Group has entered into a conditional agreement with a third party to form a joint venture for the exclusive design, manufacture and supply of NiMH batteries to be used in electric powered scooters. Mass production is expected to start towards the end of the financial year ending 31 March 2007.

We have accelerated our efforts to bring new products to the market to mitigate the loss of margin in our existing business.

The Group is in an advanced stage of discussion with our partner on the restructuring of our primary Lithium batteries factory, Ningbo GP Sanyo Energy Co. Ltd.

The Group will monitor the raw material prices closely and exercise its best judgment to enter into hedging activities if required. It will continue to control costs prudently and promote its GP brand name in Asia and Europe.

11. **Dividend**

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? None

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) ***Date payable***

Not applicable

(d) ***Books closure date***

Not applicable

12. **If no dividend has been declared/recommendeded, a statement to that effect.**

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

Not applicable.

**BY ORDER OF THE BOARD**

Andrew Ng Sung On  
Chairman and Chief Executive  
14 August 2006