

Second Quarter and Half Year Financial Statement And Dividend Announcement for the Period Ended 30 September 2007

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

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 second quarter ("Q2") and the half year ("H1") ended 30 September 2007. These figures have not been audited.

	Q2 ended 30.09.07 S\$'000	Q2 ended 30.09.06 S\$'000	Change %	H1 ended 30.09.07 S\$'000	H1 ended 30.09.06 S\$'000	Change %
Revenue	291,400	225,328	29.3	521,178	412,482	26.4
Cost of sales	(243,130)	(183,764)	32.3	(422,001)	(335,194)	25.9
Gross profit	48,270	41,564	16.1	99,177	77,288	28.3
Other operating income	3,198	606	n/m	4,073	1,864	n/m
Distribution expenses	(13,914)	(12,423)	12.0	(27,376)	(23,084)	18.6
Administrative expenses	(22,711)	(20,690)	9.8	(43,653)	(38,999)	11.9
Other operating expenses						
- Unrealised fair value loss of commodity contracts	(21,271)	0	n/m	(47,706)	0	n/m
- Others	(182)	(1,364)	(86.7)	(600)	(2,474)	(75.7)
Finance costs, net	(4,645)	(4,630)	0.3	(9,330)	(8,743)	6.7
Exceptional item	0	0	n/m	16,658	0	n/m
(Loss) profit before share of results of associates	(11,255)	3,063	n/m	(8,757)	5,852	n/m
Share of results of associates	4,091	1,992	105.4	6,577	3,264	101.5
(Loss) profit before income tax	(7,164)	5,055	n/m	(2,180)	9,116	n/m
Income tax	(1,223)	(862)	41.9	(2,397)	(1,642)	46.0
(Loss) profit after income tax	(8,387)	4,193	n/m	(4,577)	7,474	n/m
Attributable to:						
Equity holders of the Company	(8,965)	2,795	n/m	(5,596)	5,028	n/m
Minority interests	578	1,398	(58.7)	1,019	2,446	(58.3)
	(8,387)	4,193	n/m	(4,577)	7,474	n/m

n/m denotes 'not meaningful'

	Q2 ended 30.9.07 S\$'000	Q2 ended 30.9.06 S\$'000	H1 ended 30.09.07 S\$'000	H1 ended 30.09.06 S\$'000
Profit from operations is arrived at after crediting (charging) the following:				
Allowance for stock obsolescence	0	(1,331)	(773)	(1,935)
Depreciation and amortisation	(9,173)	(9,700)	(18,545)	(19,219)
Realised gain on commodity contracts, recognised in cost of sales	33	0	13,931	821
Exceptional item:				
Gain on disposal of available-for-sale investments	0	0	16,658	0

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	The Group		The Company	
	30.9.07 S\$'000	31.3.07 S\$'000	30.9.07 S\$'000	31.3.07 S\$'000
Non-current assets:				
Investment properties	16,021	16,230	0	0
Property, plant and equipment	246,796	245,640	588	1,162
Interest in subsidiaries	0	0	501,636	495,956
Interest in associates	56,124	51,983	11,453	11,453
Available-for-sale investments	5,579	3,755	0	0
Deferred tax assets	2,417	2,369	0	0
Intangible assets	15,424	17,966	0	0
Goodwill on consolidation	14,170	14,170	0	0
Total non-current assets	356,531	352,113	513,677	508,571
Current Assets:				
Stocks	201,163	143,407	0	0
Debtors	328,221	222,224	56,105	52,050
Derivative financial instruments	147	25,545	147	500
Available-for-sale investments	0	37,301	0	0
Tax recoverable	629	1,347	0	0
Deposits and prepayments	10,200	9,910	1,167	1,196
Bank balances and cash	54,588	54,696	5,956	11,342
	594,948	494,430	63,375	65,088
Assets held for sale	0	4,695	0	4,695
Total current assets	594,948	499,125	63,375	69,783
Current Liabilities:				
Creditors and accrued charges	215,129	141,429	4,501	16,253
Derivative financial instruments	22,457	0	16,038	0
Obligations under finance leases	470	418	0	0
Income tax payable	3,793	3,258	685	685
Bank loans and overdrafts	118,958	83,091	32,937	22,720
Notes	75,000	15,000	75,000	15,000
Total current liabilities	435,807	243,196	129,161	54,658
Net current assets (liabilities)	159,141	255,929	(65,786)	15,125
Non-current liabilities:				
Bank loans	161,152	162,996	141,814	143,306
Obligations under finance leases	958	845	0	0
Notes	0	60,000	0	60,000
Deferred tax liabilities	5,429	5,699	625	625
Total non-current liabilities	167,539	229,540	142,439	203,931
	348,133	378,502	305,452	319,765
Represented by:				
Share capital	230,971	230,881	230,971	230,881
Reserves	66,361	99,592	74,481	88,884
Attributable to equity holders of the Company	297,332	330,473	305,452	319,765
Minority interests	50,801	48,029	0	0
	348,133	378,502	305,452	319,765

The increase in stocks, debtors and creditors are generally due to increase in business activities.

As at 31 March 2007, available-for-sale investments of S\$37.3 million represented the Group's investment in TCL Corporation ("TCL"), a company established in the People's Republic of China. The entire investment comprising of 40,300,086 shares in TCL had been disposed via a series of sales in the open market through Shenzhen Stock Exchange in the previous quarter. As at 30 September 2007, proceeds from the disposal TCL shares of approximately S\$42 million had been included in debtors pending government approval for repatriation.

Floating rate notes S\$60 million due in June 2008 had been reclassified from non-current liabilities to current liabilities.

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

Amount repayable in one year or less, or on demand

As at 30.9.07		As at 31.3.07	
Secured	Unsecured	Secured	Unsecured
S\$470,000	S\$193,958,000	S\$418,000	S\$98,091,000

Amount repayable after one year

As at 30.9.07		As at 31.3.07	
Secured	Unsecured	Secured	Unsecured
S\$958,000	S\$161,152,000	S\$845,000	S\$222,996,000

Details of any collateral

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

As at 30.9.07		As at 31.3.07	
The Group	The Company	The Group	The Company
S\$1,083,000	Nil	S\$970,000	Nil

Land and buildings with a total net book value of S\$3,879,400 (as at 31/3/07: S\$3,901,000) 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.

	Q2 ended 30.9.07 S\$'000	Q2 ended 30.9.06 S\$'000
Operating activities		
(Loss) profit before income tax	(7,164)	5,055
Adjustments for:		
Allowance for stock obsolescence	0	1,331
Depreciation and amortisation	9,173	9,700
Finance costs, net	4,645	4,630
Interest income	(699)	(180)
Loss on disposal and write off of property, plant and equipment, net	41	243
Realised gain on commodity contracts	(33)	0
Share of results of associates	(4,091)	(1,992)
Unrealised fair value loss of commodity contracts	21,271	0
Operating profit before working capital changes	23,143	18,787
Stocks	(13,350)	3,507
Debtors	(25,498)	4,729
Deposits and prepayments	2,318	(457)
Creditors and accrued charges	18,492	1,057
Cash generated from operations	5,105	27,623
Interest received	298	180
Interest paid	(4,152)	(2,339)
Income tax paid	(534)	(718)
Net cash generated from operating activities	717	24,746
Investing activities		
Acquisition of a subsidiary, net of cash acquired (Note A)	0	(1,425)
Dividends received from associates	2,029	0
Investment in an associate	0	(367)
Proceeds on disposal of property, plant and equipment	209	431
Purchase of property, plant and equipment	(8,475)	(11,759)
Net cash used in investing activities	(6,237)	(13,120)
Financing activities		
Bank loans obtained (repaid)	17,772	(10,996)
Capital contributions from minority shareholders	1,895	0
Dividends paid	(2,742)	(2,521)
Dividends paid to minority shareholders	(267)	(263)
Issue of shares	52	0
Repayment of obligations under finance leases	(183)	(630)
Net cash generated from (used in) financing activities	16,527	(14,410)
Net effect of exchange rate changes in consolidating subsidiaries	(2,873)	2,487
Net increase (decrease) in cash and cash equivalents	8,134	(297)
Cash and cash equivalents at beginning of period	43,952	34,879
Cash and cash equivalents at end of period (Note B)	52,086	34,582

	Q2 ended 30.9.07 S\$'000	Q2 ended 30.9.06 S\$'000
Note A) Acquisition of a subsidiary, net of cash acquired		
The assets and liabilities of a subsidiary acquired during the period are as follows:		
Non-current assets	0	879
Current assets	0	5,454
Current liabilities	0	(4,202)
Non-current liabilities	0	(655)
Minority interests	0	(723)
Net assets acquired	0	753
Transfer from interest in associates	0	(590)
Consideration of acquisition	0	163
Less: cash and cash equivalent acquired	0	(1,262)
Cash flow on acquisition, net of cash and cash equivalent acquired	0	(1,425)
Note B) Cash and cash equivalents at end of period comprise:		
Bank balances and cash	54,588	36,809
Bank overdrafts	(2,502)	(2,227)
	52,086	34,582

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.

The Group	Share capital S\$'000	Capital/ legal reserve S\$'000	Translation reserve S\$'000	Property/ asset revaluation reserve S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Fair value reserve S\$'000	Attributable to equity holders of the Company S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 31.03.07	230,881	(29,623)	(80,034)	3,065	2,740	182,250	1,133	20,061	330,473	48,029	378,502
Translation gain (loss)	0	0	(290)	0	0	0	0	0	(290)	30	(260)
Net fair value changes on available-for-sale investments	0	0	0	0	0	0	0	648	648	0	648
Net gain (loss) recognised directly in equity	0	0	(290)	0	0	0	0	648	358	30	388
Realisation of fair value reserves on disposal of available-for-sale investments	0	0	0	0	0	0	0	(23,253)	(23,253)	0	(23,253)
Profit for current period	0	0	0	0	0	3,369	0	0	3,369	441	3,810
Total profit (loss) recognised for the period	0	0	(290)	0	0	3,369	0	(22,605)	(19,526)	471	(19,055)
Issue of shares	38	0	0	0	0	0	0	0	38	0	38
Transfer to (from) reserves	0	2,820	0	0	0	(2,820)	0	0	0	0	0
Balance at 30.6.07	230,919	(26,803)	(80,324)	3,065	2,740	182,799	1,133	(2,544)	310,985	48,500	359,485
Translation gain (loss)	0	0	(1,678)	0	0	0	0	0	(1,678)	95	(1,583)
Net fair value changes on available-for-sale investments	0	0	0	0	0	0	0	(320)	(320)	0	(320)
Net gain (loss) recognised directly in equity	0	0	(1,678)	0	0	0	0	(320)	(1,998)	95	(1,903)
Profit (loss) for current period	0	0	0	0	0	(8,965)	0	0	(8,965)	578	(8,387)
Total profit (loss) recognised for the period	0	0	(1,678)	0	0	(8,965)	0	(320)	(10,963)	673	(10,290)
Issue of shares	52	0	0	0	0	0	0	0	52	0	52
Capital contribution	0	0	0	0	0	0	0	0	0	1,895	1,895
Dividends paid	0	0	0	0	(2,740)	(2)	0	0	(2,742)	0	(2,742)
Dividends proposed	0	0	0	0	1,207	(1,207)	0	0	0	0	0
Dividends paid to minority shareholders of subsidiaries	0	0	0	0	0	0	0	0	0	(267)	(267)
Balance at 30.9.07	230,971	(26,803)	(82,002)	3,065	1,207	172,625	1,133	(2,864)	297,332	50,801	348,133

The Group	Share capital S\$'000	Capital/ legal reserve S\$'000	Translation reserve S\$'000	Property/ assets revaluation reserve S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Fair value reserve S\$'000	Attributable to equity holders of the Company S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 31.03.06	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 gain (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
Effect of changes in shareholdings on minority interest, net	0	0	0	0	0	0	0	0	0	(866)	(866)
Transfer to (from) reserves	0	2,523	0	0	0	(2,523)	0	0	0	0	0
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
Translation gain	0	0	1,566	0	0	0	0	0	1,566	395	1,961
Net fair value changes on available-for-sale investments	0	0	0	0	0	0	0	249	249	0	249
Net gain recognised directly in equity	0	0	1,566	0	0	0	0	249	1,815	395	2,210
Profit for the period	0	0	0	0	0	2,795	0	0	2,795	1,398	4,193
Total profit (loss) recognised for the period	0	0	1,566	0	0	2,795	0	249	4,610	1,793	6,403
On acquisition of a subsidiary	0	0	0	0	0	0	0	0	0	723	723
Dividends paid	0	0	0	0	(2,521)	0	0	0	(2,521)	0	(2,521)
Dividends proposed	0	0	0	0	1,206	(1,206)	0	0	0	0	0
Dividends paid to minority shareholders of subsidiaries	0	0	0	0	0	0	0	0	0	(263)	(263)
Balance at 30.9.06	230,881	(29,623)	(55,778)	1,806	1,206	177,899	1,133	(713)	326,811	52,178	378,989

The Company	Share capital S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Total equity S\$'000
Balance at 31.3.07	230,881	2,740	85,011	1,133	319,765
Issue of shares	38	0	0	0	38
Profit for the period	0	0	4,250	0	4,250
Balance at 30.6.07	230,919	2,740	89,261	1,133	324,053
Issue of shares	52	0	0	0	52
Loss for the period	0	0	(15,911)	0	(15,911)
Dividends paid	0	(2,740)	(2)	0	(2,742)
Dividends proposed	0	1,207	(1,207)	0	0
Balance at 30.9.07	230,971	1,207	72,141	1,133	305,452
Balance at 31.3.06	230,731	2,521	74,320	1,133	308,705
Issue of shares	150	0	0	0	150
Loss for the period	0	0	(6,172)	0	(6,172)
Balance at 30.6.06	230,881	2,521	68,148	1,133	302,683
Profit for the period	0	0	726	0	726
Dividends paid	0	(2,521)	0	0	(2,521)
Dividends proposed	0	1,206	(1,206)	0	0
Balance at 30.9.06	230,881	1,206	67,668	1,133	300,888

- 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 30 June 2007, 42,000 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 30 June 2007	109,645,168	230,919
Issued at S\$1.25 per share	42,000	52
As at 30 September 2007	<u>109,687,168</u>	<u>230,971</u>

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	As at 30.9.07	As at 30.9.06
1999 Scheme				
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. 3	4 August 2012	S\$1.25	871,000	873,000
No. 3	4 August 2007	S\$1.25	0	70,000
No. 4	24 June 2013	S\$2.50	2,280,000	2,280,000
No. 4	24 June 2008	S\$2.50	100,000	100,000
			<u>4,143,000</u>	<u>4,215,000</u>

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 and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the financial year ended 31 March 2007.

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.

	Q2 ended 30.9.07	Q2 ended 30.9.06	H1 ended 30.9.07	H1 ended 30.9.06
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	(8.17) cents	2.55 cents	(5.10) cents	4.59 cents
(b) On a fully diluted basis	(8.17) cents*	2.48 cents	(5.10) cents*	4.48 cents
Weighted average number of ordinary shares	109,673,712	109,615,168	109,646,403	109,604,020

* There were no dilutive effect from the outstanding share options.

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 calculating 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.

	The Group		The Company	
	30.9.07 S\$	31.3.07 S\$	30.9.07 S\$	31.3.07 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.71	3.01	2.78	2.92

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 and six months ended 30 September 2007 was S\$291.4 million and S\$521.2 million respectively, an increase of 29% and 26% over the corresponding period last year. Turnover increased mainly due to the gain in market share of Nickel Metal Hydride (NiMH) rechargeable batteries, with sales growth of 57% in the first half of this financial year, as the Group continued to capitalize on market consolidation. Sales of primary cylindrical batteries including Alkaline and Carbon Zinc batteries also recorded strong growth of 13% and 22% respectively in the first half of this financial year.

Sales to Asia for the six months ended 30 September 2007 increased by about 13%, including sales to Hong Kong which rose by 17%. Sales to Europe grew by 54% due to the strong sales to Eastern Europe and Russia. North and South Americas registered a 40% increase in turnover due to private-label sales.

The Group has entered into commodity contracts to manage fluctuating raw material prices. Gross profit for the second quarter was lower at 16.6% but overall gross profit for the six months ended 30 September 2007 was maintained at 19%. This was mainly due to a realized gain of S\$13.9 million on matured commodity contracts recorded in the first quarter.

Due to lower commodity prices in the second quarter, an unrealized loss of S\$21.3 million from commodity contracts which were outstanding as at 30 September 2007 has been taken up in the profit and loss account for this quarter in accordance with FRS 39. This has resulted in an overall loss in this quarter despite an improvement in operating profit.

The increase in distribution expenses was mainly due to expenditure incurred for activities to strengthen the Group's market position.

In view of the high nickel price, Vectrix Corporation ("Vectrix"), our customer for NiMH electric motorcycles batteries, has decided not to proceed with the planned joint venture factory. Instead, the Group has entered into a Master Supply Agreement to supply batteries to Vectrix. It will continue to collaborate with Vectrix on the development and supply of other new advanced electric storage products.

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 6 August 2007 for the financial period ended 30 June 2007 and an announcement made on 16 October 2007 which stated that the Group second quarter results will be impacted by the mark-to-market values of commodity contracts.

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 business outlook is expected to improve with increase in sales volume. However, the overall profit outlook continues to be volatile for the coming months as a result of fluctuating raw material prices.

The Group will be introducing new battery products in the coming months. The Taiwan factory will be re-tooled to produce some of these products.

The Group will continue to capitalize on market consolidation to gain further market share and focus its marketing efforts in developing countries.

11. **Dividend**

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	1.1 cents per ordinary share
Tax rate	Tax-exempt

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

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	1.1 cents per ordinary share
Tax rate	Tax-exempt

(c) *Date payable*

To be announced later.

(d) *Books closure date*

To be announced later.

12. **If no dividend has been declared/recommended, 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

CONFIRMATION BY THE BOARD

We, Andrew Ng Sung On and Richard Ku Yuk Hing, being two directors of GP Batteries International Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the half year ended 30 September 2007 to be false or misleading.

On behalf of the board of directors

Andrew Ng Sung On
Chairman and Chief Executive

Richard Ku Yuk Hing
Vice Chairman

1 November 2007