

First Quarter Financial Statement for the Period Ended 30 June 2009

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 first quarter ("Q1") ended 30 June 2009. These figures have not been audited.

	Q1 ended 30.6.09 S\$'000	Q1 ended 30.6.08 S\$'000	Change %
Revenue	187,239	222,036	(15.7)
Cost of sales	(144,553)	(182,696)	(20.9)
Gross profit	42,686	39,340	8.5
Other operating income	1,011	1,060	(4.6)
Distribution expenses	(12,380)	(12,993)	(4.7)
Administrative expenses	(20,623)	(20,821)	(1.0)
Other operating expenses	(909)	(249)	n/m
Finance costs, net	(2,662)	(3,135)	(15.1)
Exchange gain, net	4,169	1,266	n/m
Unrealised fair value loss of commodity contracts	0	(4,781)	n/m
Profit (loss) before share of results of associates	11,292	(313)	n/m
Share of results of associates	2,397	2,773	(13.6)
Profit before income tax	13,689	2,460	n/m
Income tax	(2,381)	(1,328)	79.3
Profit after income tax	11,308	1,132	n/m
Attributable to:			
Equity holders of the Company	10,667	127	n/m
Minority interests	641	1,005	(36.2)
	11,308	1,132	n/m

n/m denotes 'not meaningful'

	Q1 ended 30.6.09 S\$'000	Q1 ended 30.6.08 S\$'000
Profit from operations is arrived at after crediting (charging) the following:		
Depreciation and amortisation	(7,899)	(8,409)
Realised gain (loss) on commodity contracts, recognised in cost of sales	60	(4,993)
Included in other operating income:		
Dividend income	0	301
Gain on disposal of equity interests in a subsidiary	37	0
Interest income	205	344
Technical fee income	529	171
Included in other operating expenses:		
Impairment loss on available-for-sale investments	(630)	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	
	30.6.09 S\$'000	31.3.09 S\$'000	30.6.09 S\$'000	31.3.09 S\$'000
Non-current assets				
Investment properties	1,243	1,309	0	0
Property, plant and equipment	259,493	275,342	359	376
Interest in subsidiaries	0	0	450,617	450,617
Interest in associates	84,528	81,381	11,694	11,694
Available-for-sale investments	5,648	5,496	0	0
Deferred tax assets	2,489	2,691	0	0
Intangible assets	7,428	8,818	0	0
Goodwill on consolidation	22,983	24,397	0	0
Total non-current assets	383,812	399,434	462,670	462,687
Current assets				
Stocks	106,100	115,857	0	0
Debtors	187,951	191,041	87,714	92,737
Derivative financial instruments	90	85	0	85
Tax recoverable	529	762	0	0
Deposits and prepayments	9,714	10,437	416	467
Bank balances and cash	141,185	91,926	13,029	5,508
Total current assets	445,569	410,108	101,159	98,797
Current liabilities				
Creditors and accrued charges	149,333	132,575	98,707	71,707
Derivative financial instruments	2	0	2	0
Obligations under finance leases	279	352	0	0
Income tax payable	5,682	6,274	155	155
Bank loans and overdrafts	321,407	306,471	188,513	214,904
Total current liabilities	476,703	445,672	287,377	286,766
Net current liabilities	(31,134)	(35,564)	(186,218)	(187,969)
Non-current liabilities				
Obligations under finance leases	211	585	0	0
Deferred tax liabilities	3,503	2,937	0	0
Total non-current liabilities	3,714	3,522	0	0
Net assets	348,964	360,348	276,452	274,718
Represented by				
Share capital	230,971	230,971	230,971	230,971
Reserves	68,825	76,515	45,481	43,747
Attributable to equity holders of the Company	299,796	307,486	276,452	274,718
Minority interests	49,168	52,862	0	0
	348,964	360,348	276,452	274,718

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

Amount repayable in one year or less, or on demand

As at 30.6.09		As at 31.3.09	
Secured	Unsecured	Secured	Unsecured
S\$279,000	S\$321,407,000	S\$352,000	S\$306,471,000

Amount repayable after one year

As at 30.6.09		As at 31.3.09	
Secured	Unsecured	Secured	Unsecured
S\$211,000	Nil	S\$585,000	Nil

Details of any collateral

Carrying amount of fixed assets in respect of certain motor vehicles and equipment held under finance leases:

As at 30.6.09		As at 31.3.09	
The Group	The Company	The Group	The Company
S\$663,000	Nil	S\$1,493,000	Nil

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 30.6.09 S\$'000	Q1 ended 30.6.08 S\$'000
Operating activities		
Profit before income tax	13,689	2,460
Adjustments for:		
Allowance for doubtful debts	387	190
Allowance for stock obsolescence	0	115
Depreciation and amortisation	7,899	8,409
Dividend income from available-for-sale investments	0	(301)
Finance costs, net	2,662	3,135
Gain on disposal of equity interests in a subsidiary	(37)	0
Impairment loss on available-for-sale investments	630	0
Interest income	(205)	(344)
Loss on disposal of property, plant and equipment	6	13
Property, plant and equipment written off	128	70
Realised (gain) loss on commodity contracts	(60)	4,993
Share of results of associates	(2,397)	(2,773)
Unrealised fair value loss of commodity contracts	0	4,781
Unrealised foreign exchange gain	(5,300)	(1,864)
Operating profit before working capital changes	17,402	18,884
Stocks	8,588	(4,213)
Debtors	(8,801)	(25,615)
Deposits and prepayments	213	(742)
Creditors and accrued charges	13,480	10,230
Cash from (used in) operations	30,882	(1,456)
Interest received	159	1,160
Interest paid	(2,300)	(3,522)
Income tax paid	(1,848)	(779)
Net cash from (used in) operating activities	26,893	(4,597)
Investing activities		
Acquisition of a subsidiary, net of cash paid	0	(2,351)
Disposal of a subsidiary, net of cash received	1,749	0
Dividends received from associates	0	1,374
Dividends received from available-for-sale investments	0	301
Investment in associates	(298)	0
Proceeds on disposal of property, plant and equipment	936	118
Purchase of available-for-sale investments	(131)	(989)
Purchase of property, plant and equipment	(3,336)	(6,363)
Net cash used in investing activities	(1,080)	(7,910)

	Q1 ended 30.6.09 S\$'000	Q1 ended 30.6.08 S\$'000
Financing activities		
Bank loans obtained	30,884	49,610
Dividends paid to minority shareholders	(1,755)	0
Repayment of obligations under finance leases	(97)	(183)
Repayment of notes	0	(60,000)
Net cash from (used in) financing activities	29,032	(10,573)
Net increase (decrease) in cash and cash equivalents	54,845	(23,080)
Cash and cash equivalents at beginning of period	87,599	60,304
Effect of exchange rate changes on the balance of cash held in foreign currencies	(3,510)	(188)
Cash and cash equivalents at end of period	138,934	37,036
Cash and cash equivalents at end of period comprise:		
Bank balances and cash	141,185	41,144
Bank overdrafts	(2,251)	(4,108)
	138,934	37,036
Acquisition of a subsidiary, net of cash paid:		
The assets and liabilities of a subsidiary acquired during the year were as follows:		
Non-current assets	0	9,011
Current assets	0	20,233
Current liabilities	0	(12,855)
Interest in subsidiary previously accounted for as associates	0	(8,195)
Net assets acquired	0	8,194
Goodwill	0	6,723
Consideration of acquisition	0	14,917
Less: Consideration payable	0	(2,984)
Less: Deposits paid	0	(8,923)
Less: Cash and cash equivalents acquired	0	(659)
Cash outflow on acquisition, net of cash paid	0	2,351

	Q1 ended 30.6.09 S\$'000	Q1 ended 30.6.08 S\$'000
Disposal of a subsidiary, net of cash received:		
The assets and liabilities of a subsidiary disposed during the year were as follows:		
Non-current assets	1,039	0
Current assets	5,771	0
Current liabilities	(6,711)	0
Minority interests	(236)	0
Net assets disposed	(137)	0
Goodwill written off on disposal	231	0
Gain on disposal	37	0
Total consideration	131	0
Less: Cash and cash equivalents disposed	1,618	0
Cash inflow on disposal, net of cash received	1,749	0

1(d) Statement of Comprehensive Income

With effect from 1 April 2009, FRS 1 (Revised) *Presentation of Financial Statements* requires an entity to present all non-owner changes in equity in a Statement Comprehensive Income. Non-owner changes include income and expenses recognised directly in equity. This is a change of presentation and does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes are included in Statement of Changes in Equity.

The Group	Q1 ended 30.6.09 S\$'000	Q1 ended 30.6.08 S\$'000
Profit for the year	11,308	1,132
Other comprehensive income:		
Translation differences arising from consolidation of foreign operations	(21,721)	(5,533)
Fair value gain on available-for-sale financial assets	930	0
Fair value gain on cash-flow hedges	90	(155)
Other comprehensive loss for the period, net of tax	(20,701)	(5,688)
Total comprehensive loss for the period	(9,393)	(4,556)
Attributable to:		
Equity holders of the Company	(7,690)	(3,960)
Minority interests	(1,703)	(596)
	(9,393)	(4,556)

1(e)(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 reserve S\$'000	Legal reserve S\$'000	Translation reserve S\$'000	Property/ asset revaluation reserve S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Fair value reserve S\$'000	Hedging reserve S\$'000	Sub Total S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 31.3.09	230,971	(34,983)	10,600	(69,904)	2,142	167,975	1,133	(448)	0	307,486	52,862	360,348
Total comprehensive income	0	0	0	(19,377)	0	10,667	0	930	90	(7,690)	(1,703)	(9,393)
Transfer to (from) reserves	0	0	348	0	0	(348)	0	0	0	0	0	0
Dividends paid to minority shareholders	0	0	0	0	0	0	0	0	0	0	(1,755)	(1,755)
Effects of changes in shareholdings on minority interest	0	0	0	0	0	0	0	0	0	0	(236)	(236)
Balance at 30.6.09	230,971	(34,983)	10,948	(89,281)	2,142	178,294	1,133	482	90	299,796	49,168	348,964
Balance at 31.3.08	230,971	(35,507)	9,004	(100,322)	2,151	173,309	1,133	(2,916)	0	277,823	47,947	325,770
Total comprehensive income	0	0	0	(3,932)	0	127	0	0	(155)	(3,960)	(596)	(4,556)
Transfer to (from) reserves	0	0	382	0	0	(382)	0	0	0	0	0	0
Balance at 30.6.08	230,971	(35,507)	9,386	(104,254)	2,151	173,054	1,133	(2,916)	(155)	273,863	47,351	321,214

The Company	Share capital S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Translation reserve S\$'000	Total equity S\$'000
Balance at 31.3.09	230,971	42,614	1,133	0	274,718
Total comprehensive income	0	1,735	0	(1)	1,734
Balance at 30.6.09	230,971	44,349	1,133	(1)	276,452
Balance at 31.3.08	230,971	91,743	1,133	0	323,847
Total comprehensive income	0	(7,445)	0	0	(7,445)
Balance at 30.6.08	230,971	84,298	1,133	0	316,402

1(e)(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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

There were no movement in the share capital of the Company from 31 March 2009 to 30 June 2009.

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 30.6.09	As at 30.6.08
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	721,000	871,000
No. 4	24 June 2013	S\$2.50	1,981,000	2,280,000
			<u>3,594,000</u>	<u>4,043,000</u>

As at 30 June 2009, the Company did not hold any of its issued shares as treasury shares (30 June 2008:Nil).

1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at	30.6.09	31.3.09
Total number of issued shares	109,687,168	109,687,168
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>109,687,168</u>	<u>109,687,168</u>

1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

As at 30 June 2009, there was no sales, transfers, disposals, cancellation and/or use of treasury shares.

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.

Except as stated in Note 5, the Group has 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 2009.

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.

The Group adopted the new/revised Financial Reporting Standards ("FRS") that are applicable for the financial period beginning 1 April 2009. The following are the new or amended FRSs that are relevant to the Group:

FRS 1 (Revised)	Presentation of Financial Statements
FRS 23 (Revised)	Borrowing Costs
FRS 108	Operating Segments

The adoption of the above FRSs does not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

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 30.6.09	Q1 ended 30.6.08
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	9.72 cents	0.12 cents
(b) On a fully diluted basis	9.72 cents *	0.12 cents *
Weighted average number of ordinary shares	109,687,168	109,687,168

* There are no dilutive effect as the share options are out-of-money.

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 the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30.6.09 S\$	31.3.09 S\$	30.6.09 S\$	31.3.09 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.73	2.80	2.52	2.50

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 2009 was S\$187.2 million, a decrease of 15.7% over the corresponding period last year. Profit after tax attributable to equity holders of the Company for the first quarter was S\$10.7 million, compared to S\$0.1 million for the corresponding quarter last year.

Sales of Nickel Metal Hydride (NiMH) rechargeable batteries registered a decline, which was partially offset by increase in sales of micro, 9-volt and alkaline primary cylindrical batteries. Sales across regions generally decreased, in particular for Europe and Asia.

Excluding the effect of commodity hedging contracts, gross profit margin for the three months ended 30 June 2009 improved to 22.8% from 20% for the corresponding periods last year mainly due to the effect of having implemented cost cutting measures and the capture of better quality business.

Finance costs for the three months ended 30 June 2009 were S\$2.7 million, a decrease of 15.1% over the corresponding period last year due to lower interest rates.

Exchange gain for the three months ended 30 June 2009 was S\$4.2 million mainly due to an unrealized gain on revaluation of US dollar denominated bank borrowings.

The Group has generated over S\$26 million of positive operating cash flow for the quarter under review.

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 for the financial year ended 31 March 2009 released on 27 May 2009.

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.

With worldwide economy showing signs of recovery, the Group expects business to improve.

The Group will continue to enhance brand management in the emerging markets while maintaining market shares in priority markets. It will further promote GP ReCyko+, a new generation rechargeable batteries, in the consumer market for its economic and environmental advantages over primary alkaline batteries. The Group will also continue to explore and capitalise on opportunities in e-mobility.

The Group is in continued discussions with banks on the refinancing of a S\$60M and US\$45M Syndicated Loan Facility that is falling due in October 2009. Based on the significant amount of cash on hand and the positive response from banks, the Group expects that it will receive the required support from banks to satisfy the refinancing need.

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 declare/recommended, a statement to that effect.

Not applicable.

13. 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 statements for first quarter ended 30 June 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Andrew Ng Sung On
Chairman and Chief Executive

Richard Ku Yuk Hing
Vice Chairman

28 July 2009