

## First Quarter Financial Statement for the Period Ended 30 June 2010

### 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 2010. These figures have not been audited.

	Q1 ended 30.6.10 S\$'000	Q1 ended 30.6.09 S\$'000	Change %
Revenue	222,302	187,239	18.7
Cost of sales	(172,554)	(144,553)	19.4
Gross profit	49,748	42,686	16.5
Other operating income	2,181	1,011	115.7
Distribution expenses	(13,822)	(12,380)	11.6
Administrative expenses	(23,863)	(20,623)	15.7
Other operating expenses	(850)	(909)	(6.5)
Finance costs, net	(2,062)	(2,662)	(22.5)
Exchange (loss) gain, net	(709)	4,169	n/m
Profit before share of results of associates	10,623	11,292	(5.9)
Share of results of associates	2,245	2,397	(6.3)
Profit before income tax	12,868	13,689	(6.0)
Income tax	(2,831)	(2,381)	18.9
Profit after income tax	10,037	11,308	(11.2)
Attributable to:			
Equity holders of the Company	8,060	10,667	(24.4)
Non-controlling interests	1,977	641	208.4
	10,037	11,308	(11.2)

n/m denotes "not meaningful"

	Q1 ended 30.6.10 S\$'000	Q1 ended 30.6.09 S\$'000
<b>Profit from operations is arrived at after crediting (charging) the following:</b>		
Depreciation and amortisation	(6,970)	(7,899)
Realised (loss) gain on commodity contracts, recognised in cost of sales	(826)	60
Included in other operating income:		
Technical and marketing development fee income	1,563	529
Included in other operating expenses:		
Impairment loss on property, plant and equipment	(585)	0
Impairment loss on available-for-sale investments	(94)	(630)

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

Asat	The Group		The Company	
	30.6.10 S\$'000	31.3.10 S\$'000	30.6.10 S\$'000	31.3.10 S\$'000
<b>Non-current assets</b>				
Investment properties	1,258	1,263	0	0
Property, plant and equipment	246,807	247,702	1,902	478
Interest in subsidiaries	0	0	369,426	369,437
Interest in associates	86,594	85,067	11,590	11,590
Available-for-sale investments	4,504	3,346	0	0
Deferred tax assets	3,688	3,110	0	0
Intangible assets	4,546	5,581	0	0
Goodwill on consolidation	19,769	19,835	0	0
Deposits and prepayments	0	1,245	0	1,245
Total non-current assets	367,166	367,149	382,918	382,750
<b>Current assets</b>				
Stocks	141,271	131,970	0	0
Debtors	181,821	165,795	76,079	72,625
Tax recoverable	717	1,168	0	0
Deposits and prepayments	13,580	10,019	618	481
Bank balances and cash	88,478	77,614	10,315	4,232
Total current assets	425,867	386,566	87,012	77,338
<b>Current liabilities</b>				
Creditors and accrued charges	192,067	180,270	90,445	77,243
Derivative financial instruments	2,552	0	0	0
Obligations under finance leases	166	200	0	0
Income tax payable	8,866	7,831	197	225
Bank loans and overdrafts	178,251	150,436	72,528	75,497
Total current liabilities	381,902	338,737	163,170	152,965
<b>Net current assets(liabilities)</b>	43,965	47,829	(76,158)	(75,627)
<b>Non-current liabilities</b>				
Bank loans	44,768	53,005	39,988	46,609
Obligations under finance leases	56	84	0	0
Deferred tax liabilities	4,180	4,334	0	0
Total non-current liabilities	49,004	57,423	39,988	46,609
Net assets	362,127	357,555	266,772	260,514
<b>Represented by</b>				
Share capital	230,983	230,975	230,983	230,975
Reserves	81,496	77,711	35,789	29,539
Attributable to equity holders of the Company	312,479	308,686	266,772	260,514
Non-controlling interests	49,648	48,869	0	0
	362,127	357,555	266,772	260,514

The increase in stocks, debtors and creditors are due to the increase in sales and manufacturing activities. The increase in bank loans is mainly to finance the increase in working capital.

Derivative financial liabilities of S\$2.6 million represents unrealised fair value loss of commodity contracts entered by the Group to hedge some specific customer orders.

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

	<b>As at 30.6.10 S\$'000</b>	<b>As at 31.3.10 S\$'000</b>
<b>Amount repayable in one year or less, or on demand</b>		
<b>Unsecured:</b>		
Current portion of long term bank loans	32,843	31,268
Short term bank loans	135,406	108,500
Bank overdrafts	1,535	2,999
Import loans	8,467	7,669
	178,251	150,436
<b>Secured:</b>		
Obligations under finance leases	166	200
<b>Amount repayable after one year</b>		
<b>Unsecured:</b>		
Long term bank loans	44,768	53,005
<b>Secured:</b>		
Obligations under finance leases	56	84

**Details of any collateral**

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

<b>As at 30.6.10</b>		<b>As at 31.3.10</b>	
The Group	The Company	The Group	The Company
S\$277,000	Nil	S\$303,000	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 corres

	<b>Q1 30.6.10 S\$'000</b>	<b>Q1 30.6.09 S\$'000</b>
<b>Operating activities</b>		
Profit before income tax	12,868	13,689
Adjustments for:		
Allowance for doubtful debts (trade)	508	387
Allowance for stock obsolescence	620	0
Depreciation and amortisation	6,970	7,899
Finance costs, net	2,062	2,662
Gain on disposal of equity interests in a subsidiary	0	(37)
Impairment loss on available-for-sale investments	94	630
Impairment loss on property, plant and equipment	585	0
Interest income	(92)	(205)
Loss on disposal of property, plant and equipment	39	6
Property, plant and equipment written off	18	128
Realised loss (gain) on commodity contracts	826	(60)
Share of results of associates	(2,245)	(2,397)
Unrealised foreign exchange loss (gain)	36	(5,300)
Operating profit before working capital changes	22,289	17,402
Stocks	(9,921)	8,588
Debtors	(15,749)	(8,801)
Deposits and prepayments	(3,597)	213
Creditors and accrued charges	8,932	13,480
Cash from operations	1,954	30,882
Interest received	93	159
Interest paid	(2,072)	(2,300)
Income tax paid	(2,151)	(1,848)
Net cash (used in) from operating activities	(2,176)	26,893
<b>Investing activities</b>		
Acquisition and investment of associates	0	(298)
Acquisition of a subsidiary, net of cash acquired	290	0
Disposal of a subsidiary, net of cash disposed	0	1,749
Dividends received from associates	335	0
Proceeds on disposal of property, plant and equipment	22	936
Purchase of available-for-sale investments	(1,271)	(131)
Purchase of property, plant and equipment	(5,002)	(3,336)
Net cash used in investing activities	(5,626)	(1,080)

	<b>Q1 30.6.10 S\$'000</b>	<b>Q1 30.6.09 S\$'000</b>
<b>Financing activities</b>		
Repayment of term loans	(6,667)	(18,801)
Other short term bank loans obtained, net	28,087	49,685
Dividends paid to minority shareholders	(1,021)	(1,755)
Issue of shares	8	0
Repayment of obligations under finance leases	(44)	(97)
Net cash from financing activities	20,363	29,032
Net increase in cash and cash equivalents	12,561	54,845
Cash and cash equivalents at beginning of period	74,615	87,599
Effect of exchange rate changes on the balance of cash held in foreign currencies	(233)	(3,510)
Cash and cash equivalents at end of period	86,943	138,934
<b>Cash and cash equivalents at end of period comprise:</b>		
Bank balances and cash	88,478	141,185
Bank overdrafts	(1,535)	(2,251)
	86,943	138,934

	Q1 30.6.10 S\$'000	Q1 30.6.09 S\$'000
<b>Effects of acquisitions</b>		
The assets and liabilities of a subsidiary acquired during the period were as follows:		
Property, plant and equipment	1	0
Bank balances and cash	290	0
Debtors, deposits and prepayments	135	0
Creditors and accrued charges	(34)	0
Tax recoverable	2	0
Non-controlling interests	(39)	0
Interest in subsidiary previously accounted for as an associate	(197)	0
Net assets acquired	158	0
Goodwill	8	0
Total purchase price	166	0
Purchase price payable	(166)	0
Cash and cash equivalents acquired	(290)	0
Cash inflow on acquisition of a subsidiary, net of cash acquired	(290)	0
<b>Effects of disposals</b>		
The assets and liabilities of a subsidiary disposed during the period were as follows:		
Property, plant and equipment	0	851
Deferred tax assets	0	188
Bank balances and cash	0	19
Debtors, deposits and prepayments	0	4,583
Stocks	0	1,169
Creditors and accrued charges	0	(4,652)
Tax payable	0	(45)
Obligations under finance leases	0	(377)
Bank loans and overdrafts	0	(1,637)
Non-controlling interests	0	(236)
Net liabilities disposed	0	(137)
Goodwill written off on disposal	0	231
Gain on disposal	0	37
Total sales consideration	0	131
Cash and cash equivalents disposed	0	1,618
Cash inflow on disposal of a subsidiary, net of cash disposed	0	1,749

1(d) Statement of Comprehensive Income

<b>The Group</b>	<b>Q1 ended 30.6.10 S\$'000</b>	<b>Q1 ended 30.6.09 S\$'000</b>
Profit for the period	10,037	11,308
Other comprehensive income (loss):		
Translation differences arising from consolidation of foreign operations	(1,939)	(21,721)
Fair value gain on available-for-sale financial assets	0	930
Fair value (loss) gain on cash-flow hedges	(2,552)	90
Other comprehensive loss for the period, net of tax	(4,491)	(20,701)
Total comprehensive income (loss) for the period	5,546	(9,393)
Attributable to:		
Equity holders of the Company	3,785	(7,690)
Non-controlling interests	1,761	(1,703)
	5,546	(9,393)



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	Hedging reserve S\$'000	Sub Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
<b>Balance at 1 April 2010</b>	<b>230,975</b>	<b>(34,983)</b>	<b>12,836</b>	<b>(103,141)</b>	<b>3,358</b>	<b>198,508</b>	<b>1,133</b>	<b>0</b>	<b>308,686</b>	<b>48,869</b>	<b>357,555</b>
Total comprehensive income	0	0	0	(1,723)	0	8,060	0	(2,552)	3,785	1,761	5,546
Issue of shares	8	0	0	0	0	0	0	0	8	0	8
Transfer to (from) reserves	0	554	0	0	0	(554)	0	0	0	0	0
Dividends paid to minority shareholders	0	0	0	0	0	0	0	0	0	(1,021)	(1,021)
Effects of changes in shareholdings on non-controlling interests	0	0	0	0	0	0	0	0	0	39	39
<b>Balance at 30 June 2010</b>	<b>230,983</b>	<b>(34,429)</b>	<b>12,836</b>	<b>(104,864)</b>	<b>3,358</b>	<b>206,014</b>	<b>1,133</b>	<b>(2,552)</b>	<b>312,479</b>	<b>49,648</b>	<b>362,127</b>

<b>The Group</b>	<b>Share capital S\$'000</b>	<b>Capital reserve S\$'000</b>	<b>Legal reserve S\$'000</b>	<b>Translation reserve S\$'000</b>	<b>Property/ asset revaluation reserve S\$'000</b>	<b>Retained profits S\$'000</b>	<b>Share option reserve S\$'000</b>	<b>Fair value reserve S\$'000</b>	<b>Hedging reserve S\$'000</b>	<b>Sub Total S\$'000</b>	<b>Non-controlling interests S\$'000</b>	<b>Total S\$'000</b>
<b>Balance at 1 April 2009</b>	<b>230,971</b>	<b>(34,983)</b>	<b>10,600</b>	<b>(69,781)</b>	<b>3,358</b>	<b>167,484</b>	<b>1,133</b>	<b>(448)</b>	<b>0</b>	<b>308,334</b>	<b>52,862</b>	<b>361,196</b>
Total comprehensive income	0	0	0	(19,377)	0	10,667		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 non-controlling interests	0	0	0	0	0	0	0	0	0	0	(236)	(236)
<b>Balance at 30 June 2009</b>	<b>230,971</b>	<b>(34,983)</b>	<b>10,948</b>	<b>(89,158)</b>	<b>3,358</b>	<b>177,803</b>	<b>1,133</b>	<b>482</b>	<b>90</b>	<b>300,644</b>	<b>49,168</b>	<b>349,812</b>

<b>The Company</b>	<b>Share capital S\$'000</b>	<b>Retained profits S\$'000</b>	<b>Share option reserve S\$'000</b>	<b>Translation reserve S\$'000</b>	<b>Total S\$'000</b>
<b>Balance at 1 April 2010</b>	<b>230,975</b>	<b>28,408</b>	<b>1,133</b>	<b>(2)</b>	<b>260,514</b>
Total comprehensive income	0	6,253	0	(3)	6,250
Issue of shares	8	0	0	0	8
<b>Balance at 30 June 2010</b>	<b>230,983</b>	<b>34,661</b>	<b>1,133</b>	<b>(5)</b>	<b>266,772</b>
<b>Balance at 1 April 2009</b>	<b>230,971</b>	<b>42,614</b>	<b>1,133</b>	<b>0</b>	<b>274,718</b>
Total comprehensive income	0	1,735	0	(1)	1,734
<b>Balance at 30 June 2009</b>	<b>230,971</b>	<b>44,349</b>	<b>1,133</b>	<b>(1)</b>	<b>276,452</b>

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.

Since 31 March 2010, 6,000 ordinary shares of the Company have been issued pursuant to the exercise of options granted under the Company's Executives' Share Option Scheme, as follows:

	<b>Number of issued shares</b>	<b>Issued share capital S\$'000</b>
As at 31 March 2010	109,690,168	230,975
Issued at S\$1.25 per share	6,000	8
As at 30 June 2010	109,696,168	230,983

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 is as follows:

<b>Date of Expiry</b>	<b>Exercise Price per each ordinary share</b>	<b>As at 30.6.10</b>	<b>As at 31.3.10</b>
10 October 2010	S\$1.60	517,000	517,000
4 August 2012	S\$1.25	712,000	718,000
24 June 2013	S\$2.50	1,981,000	1,981,000
		3,210,000	3,216,000

As at 30 June 2010, the Company did not hold any of its issued shares as treasury shares (30 June 2009: 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.**

<b>As at</b>	<b>30.6.10</b>	<b>31.3.10</b>
Total number of issued shares	109,696,168	109,690,168
Less: Treasury shares	<u>-</u>	<u>-</u>
Total number of issued shares excluding treasury shares	<u>109,696,168</u>	<u>109,690,168</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 2010, there were 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.**

Other than the adoption of certain revisions to various existing Financial Reporting Standards ("FRS"), the new FRS and Interpretations of FRS ("INT FRS") that are mandatory on the Group for its financial year commenced on 1 April 2010, 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 2010.

**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 adoption of the various revised FRS, new FRS and INT FRS effective for the Company's financial year commenced on 1 April 2010 does not have a material financial effect on the Group and the Company, except as discussed below:

The principal amendments to FRS 27 (Revised) have an impact on the Group's accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions by the Group effective 1 April 2010, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated.

The principle adopted under FRS 27 (Revised) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to FRS 28 (Revised); therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

Similarly, FRS 103 (Revised) is on accounting for business combination transactions. The changes to the FRS are significant, but their impact can only be determined once the detail of future business combination transactions is known.

FRS 27 (Revised), FRS 28 (Revised) and FRS 103 (Revised) are adopted prospectively and therefore no restatements are required in respect of the Group's transactions prior to 1 April 2010.

**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.**

Earnings per share ("EPS")	Q1 ended 30.6.10	Q1 ended 30.6.09
	Cents	Cents
(a) Basic	7.35	9.72
(b) Diluted	7.33	9.72 <sup>(1)</sup>

Basic EPS is computed based on the weighted average number of shares in issue during the financial period. The weighted average number of shares 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 EPS, 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.

Number of shares	Q1 ended 30.6.10	Q1 ended 30.6.09
Weighted average number of ordinary shares used in calculating basic EPS	109,693,355	109,687,168
Adjustments for potentially dilutive ordinary shares	285,484	- <sup>(1)</sup>
Weighted average number of ordinary shares used in calculating diluted EPS	109,978,839	109,687,168

<sup>(1)</sup> No dilutive effect as the share options are out-of-the-money.

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	
	30.6.10 S\$	31.3.10 S\$	30.6.10 S\$	31.3.10 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.85	2.81	2.43	2.37

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 2010 was S\$222.3 million, an increase of 19% over the corresponding period last year.

The higher turnover was mainly due to the rise in sales of primary and rechargeable batteries by 28% and 10% respectively. Sales to North and South America increased by 44% as a result of strong demand in private label business. Total sales to Asia rose by 23%.

Profit before income tax for the three months ended 30 June 2010 was S\$12.9 million, as compared to S\$13.7 million over the same period last year. The higher profit before income tax last year was mainly due to a foreign exchange gain of S\$4.2 million. The underlying profit (i.e. profit before income tax after adjustments of other operating income, other operating expenses and exchange gain/loss) of the Group has increased to S\$12.2 million from S\$9.4 million last year.

Gross profit margin for the three months ended 30 June 2010 was approximately 22% which was comparable to the corresponding period of last year.

Distribution expenses and administrative expenses for the three months ended 30 June 2010 were S\$13.8 million and S\$23.9 million respectively, an increase of 12% and 16% over the corresponding period last year, in line with the increase in turnover.

Finance costs for the three months ended 30 June 2010 were S\$2.1 million, a decrease of 23% over the corresponding period due to lower bank borrowings.

The SAP project to enhance the Group's information technology management and work process is progressing according to schedule. The system is now up and running in China and Poland.

The Group has entered into a memorandum of understanding with a major battery maker in Vietnam to explore business opportunities.

Our newly acquired electric motorcycle company, Vectrix, has restarted production and is in the process of reorganizing its distribution system in Europe and the United States.

**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 2010 released on 26 May 2010.

**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 remains positive especially for primary batteries. However, margins may be affected due to wage increase in China, appreciation of the Renminbi and the volatility of raw material prices.

Worldwide sales and marketing offices will be streamlined and strengthened to meet the future growth of those markets. The introduction of new products will be sped up. The Group will continue to focus on improving its working capital efficiency.

**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 2010 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

11 August 2010