

INDEPENDENT AUDITORS' REPORT

To the Members of GP Batteries International Limited

We have audited the accompanying financial statements of GP Batteries International Limited (the Company) and its subsidiaries (the Group) which comprise the balance sheets of the Group and the Company as at 31 March 2009, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 86.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: 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 profit and loss account and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2009, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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Emphasis of Matter

We draw attention to Note 1 of the financial statements wherein the management has disclosed the material uncertainties relating to the Group's and the Company's ability to continue as going concerns in the face of the severe credit crunch and volatility in the global financial and capital markets, including the challenges in negotiating additional banking facilities and management's plans and actions to address those challenges and uncertainties. As at 31 March 2009, the Group and the Company are in negative working capital deficiency positions of S\$35,564,000 (2008 : S\$Nil) and S\$187,969,000 (2008 : S\$46,469,000) respectively. The outlook presents significant challenges in terms of sales volume and pricing as well as input costs. The Group and the Company are dependent on continuous support from their banks to meet their financial obligations particularly in the refinancing of certain term loan facilities when they fall due. In this regard, management has commenced discussions with their bankers. These discussions are ongoing and have not been concluded as at the date of this report. The combination of these circumstances represents a material uncertainty that casts a significant doubt on the Group's and the Company's abilities to continue as going concerns. The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of the liabilities in the normal course of business. The ability of the Group and the Company to continue as going concerns for the next twelve months depends on the success of the measures mentioned above as well as the availability of financial support from a major shareholder of the Company. These financial statements do not include any adjustment relating to the recoverability and the classification of the recorded assets amounts and the amount and classification of liability that might be necessary should the Group and the Company be unable to continue as going concerns. Our opinion is not qualified in respect of this matter.

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants
Singapore

Ho Kok Yong

Partner
Appointed since 1 December 2005

18 June 2009