

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GP BATTERIES INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GP Batteries International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 88.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Our audit performed and responses thereon

Impairment of property, plant and equipment

(Refer to notes 14 and 39(b) to the consolidated financial statements)

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The determination of recoverable amount, based on value-in-use using cash flow projections from the latest financial budgets, requires management's judgement in both identifying and valuing the relevant assets.

Recoverable amounts are based on management's judgement of variables such as sales growth, operating expenditure, approved capital expenditure and the most appropriate discount rate.

Our audit procedures focused on evaluating and challenging the key assumptions used by management in its impairment review.

In addition, we performed the following:

- We evaluated the appropriateness of management's relevant controls over the impairment assessment process, including reviewing for indicators of impairment.
- We reviewed the impairment model used by management and challenged management on the suitability of the impairment model and reasonableness of the assumptions.
- We involved our valuation specialists to review key assumptions used in the impairment assessment, in particular the discount rates.
- We performed sensitivity analysis in regards to the discount rate and growth rate as these are the two significant key assumptions in the impairment model.

Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT (cont'd)

TO THE MEMBERS OF GP BATTERIES INTERNATIONAL LIMITED

Key Audit Matters (cont'd)

Key Audit Matters

Our audit performed and responses thereon

Assessment of recoverability of trade debtors

(Refer to notes 20 and 39(d) to the consolidated financial statements)

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired.

If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The assessment of recoverable amounts requires management to make significant judgements regarding the identification of bad and doubtful receivables and expectations of future cash inflows from customers.

We have enquired with management on analyses and assessments made with respect to recovery of individual receivables.

In addition, we performed the following:

- We gained an understanding of the key controls and processes that management have in place to assess the expected recovery of trade receivables.
- We evaluated the adequacy of the provision of the trade receivables and the appropriateness of the allowances recognised taking into account the market considerations in each geographical country.

Based on our procedures, we noted that the trade receivables provisions to be within a reasonable range of our expectations.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements, regarding trade receivables and the related risks such as credit risk and the aging of trade receivables as disclosed in Note 3 (b) (iv).

Assessment of allowance for stocks

(Refer to notes 19 and 39(f) to the consolidated financial statements)

Given the nature of the business, we have identified allowance for stocks as a risk.

The Group is required to assess at each reporting date whether there is any indication that the cost of stocks exceeds the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

There is judgement involved in assessing the level of inventory provision required in respect of slow moving stocks that have not been adequately provided for.

We have enquired with management on analyses and assessments made with respect to slow moving and obsolete stock.

In addition, we performed the following:

- We evaluated the appropriateness of management's relevant controls over the estimation of net realisable value for its stocks.
- We assessed the net realisable value of stocks and challenged the appropriateness of the level of stock provision required in respect of slow moving and obsolete stock, considering the expected demand and actual selling price.

Based on our procedures, we noted that the stock provisions to be acceptable within our expectations.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (cont'd)

TO THE MEMBERS OF GP BATTERIES INTERNATIONAL LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

16 June 2017