

First Quarter Financial Statement for the Period Ended 30 June 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 first quarter ("Q1") ended 30 June 2007. These figures have not been audited.

	Q1 ended 30.06.07 S\$'000	Q1 ended 30.06.06 S\$'000	Change %
Revenue	229,778	187,154	22.8
Cost of sales	(178,871)	(151,430)	18.1
Gross profit	50,907	35,724	42.5
Other operating income	875	1,258	(30.4)
Distribution expenses	(13,462)	(10,661)	26.3
Administrative expenses	(20,942)	(18,309)	14.4
Other operating expenses			
- Unrealised fair value loss of commodity contracts	(26,435)	0	n/m
- Others	(418)	(1,110)	(62.3)
Finance costs, net	(4,685)	(4,113)	13.9
Exceptional item	16,658	0	n/m
Profit before share of results of associates	2,498	2,789	(10.4)
Share of results of associates	2,486	1,272	95.4
Profit before income tax	4,984	4,061	22.7
Income tax	(1,174)	(780)	50.5
Profit after income tax	3,810	3,281	16.1
Attributable to:			
Equity holders of the Company	3,369	2,233	50.9
Minority interests	441	1,048	(57.9)
	3,810	3,281	16.1

n/m denotes 'not meaningful'

	Q1 ended 30.06.07 S\$'000	Q1 ended 30.06.06 S\$'000
Profit before income tax is arrived at after crediting (charging) the following:		
Allowance for stock obsolescence	(773)	(1,002)
Depreciation and amortisation	(9,372)	(9,518)
Realised gain on commodity contracts, recognised in cost of sales	13,898	821
Exceptional item:		
Gain on disposal of available-for-sale investments	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	
	30.6.07 S\$'000	31.3.07 S\$'000	30.6.07 S\$'000	31.3.07 S\$'000
Non-current assets:				
Investment properties	16,230	16,230	0	0
Property, plant and equipment	246,031	245,640	1,061	1,162
Interest in subsidiaries	0	0	495,956	495,956
Interest in associates	54,491	51,983	11,453	11,453
Available-for-sale investments	5,976	3,755	0	0
Deferred tax assets	2,447	2,369	0	0
Intangible assets	16,815	17,966	0	0
Goodwill on consolidation	14,170	14,170	0	0
Total non-current assets	356,160	352,113	508,470	508,571
Current Assets:				
Stocks	187,438	143,407	0	0
Debtors	299,365	222,224	57,739	52,050
Derivative financial instruments	276	25,545	276	500
Available-for-sale investments	0	37,301	0	0
Tax recoverable	689	1,347	0	0
Deposits and prepayments	12,518	9,910	1,046	1,196
Bank balances and cash	45,465	54,696	2,818	11,342
	545,751	494,430	61,879	65,088
Assets held for sale	3,575	4,695	3,575	4,695
Total current assets	549,326	499,125	65,454	69,783
Current Liabilities:				
Creditors and accrued charges	196,202	141,429	6,035	16,253
Derivative financial instruments	1,390	0	0	0
Obligations under finance leases	396	418	0	0
Income tax payable	3,146	3,258	685	685
Bank loans and overdrafts	100,604	83,091	24,220	22,720
Notes	75,000	15,000	75,000	15,000
Total current liabilities	376,738	243,196	105,940	54,658
Net current assets (liabilities)	172,588	255,929	(40,486)	15,125
Non-current liabilities:				
Bank loans	162,996	162,996	143,306	143,306
Obligations under finance leases	809	845	0	0
Notes	0	60,000	0	60,000
Deferred tax liabilities	5,458	5,699	625	625
Total non-current liabilities	169,263	229,540	143,931	203,931
	359,485	378,502	324,053	319,765
Represented by:				
Share capital	230,919	230,881	230,919	230,881
Reserves	80,066	99,592	93,134	88,884
Attributable to equity holders of the Company	310,985	330,473	324,053	319,765
Minority interests	48,500	48,029	0	0
	359,485	378,502	324,053	319,765

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

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 current quarter. As at 30 June 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 30.6.07		As at 31.3.07	
Secured	Unsecured	Secured	Unsecured
S\$396,000	S\$175,604,000	S\$418,000	S\$98,091,000

Amount repayable after one year

As at 30.6.07		As at 31.3.07	
Secured	Unsecured	Secured	Unsecured
S\$809,000	S\$162,996,000	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 30.6.07		As at 31.3.07	
The Group	The Company	The Group	The Company
S\$953,000	Nil	S\$970,000	Nil

Land and buildings with a total net book value of S\$3,901,000 (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.

	Q1 ended 30.6.07 S\$'000	Q1 ended 30.6.06 S\$'000
Operating activities		
Profit before income tax	4,984	4,061
Adjustments for:		
Allowance for stock obsolescence	773	1,002
Depreciation and amortisation	9,372	9,518
Finance costs, net	4,685	4,113
Gain on disposal of available-for-sale investments	(16,658)	0
Interest income	(189)	(168)
Loss (gain) on disposal and write off of property, plant and equipment, net	176	(20)
Realised gain on commodity contracts	(13,898)	(821)
Share of results of associates	(2,486)	(1,272)
Unrealised fair value loss of commodity contracts	26,435	0
Operating profit before working capital changes	13,194	16,413
Stocks	(43,684)	2,444
Debtors	(21,789)	(5,619)
Deposits and prepayments	(2,608)	(662)
Creditors and accrued charges	47,237	(4,487)
Cash generated from (used in) operations	(7,650)	8,089
Interest received	158	168
Interest paid	(6,876)	(5,596)
Income tax paid	(1,062)	(2,872)
Net cash used in operating activities	(15,430)	(211)
Investing activities		
Acquisition of associates	0	(2,371)
Dividends received from associates	0	2,093
Purchase of available-for-sale investments	(1,573)	0
Payment for additional interests in a subsidiary	0	(1,643)
Proceeds on disposal of property, plant and equipment	25	1,826
Purchase of property, plant and equipment	(6,900)	(2,557)
Net cash used in investing activities	(8,448)	(2,652)
Financing activities		
Bank loans obtained	18,085	8,726
Issue of shares	38	150
Repayment of obligations under finance leases	(71)	(315)
Net cash generated from financing activities	18,052	8,561
Net effect of exchange rate changes in consolidating subsidiaries	(2,832)	(4,819)
Net (decrease) increase in cash and cash equivalents	(8,658)	879
Cash and cash equivalents at beginning of period	52,610	34,000
Cash and cash equivalents at end of period (Note A)	43,952	34,879
Note A) Cash and cash equivalents at end of period comprise:		
Bank balances and cash	45,465	36,679
Bank overdrafts	(1,513)	(1,800)
	43,952	34,879

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

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

The Company	Share capital S\$'000	Share premium 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	0	2,740	85,011	1,133	319,765
Issue of shares	38	0	0	0	0	38
Profit for the period	0	0	0	4,250	0	4,250
Balance at 30.6.07	230,919	0	2,740	89,261	1,133	324,053
Balance at 31.3.06	230,731	0	2,521	74,320	1,133	308,705
Issue of shares	150	0	0	0	0	150
Loss for the period	0	0	0	(6,172)	0	(6,172)
Balance at 30.6.06	230,881	0	2,521	68,148	1,133	302,683

- 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 31 March 2007, 30,000 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 31 March 2007	109,615,168	230,881
Issued at S\$1.25 per share	30,000	38
As at 30 June 2007	109,645,168	230,919

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 of S\$0.80	As at 30.6.07	As at 30.6.06
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	873,000	873,000
No. 3	4 August 2007	S\$1.25	40,000	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
			4,185,000	4,215,000

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.**

	Q1 ended 30.6.07	Q1 ended 30.6.06
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	3.07 cents	2.04 cents
(b) On a fully diluted basis	2.98 cents	1.99 cents
Weighted average number of ordinary shares	109,618,794	109,592,750

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	
	30.6.07 S\$	31.3.07 S\$	30.6.07 S\$	31.3.07 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.84	3.01	2.96	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 ended 30 June 2007 was S\$229.8 million, an increase of 22.8% over the corresponding period last year. The profit after tax attributable to equity holders of the Company for the first quarter was S\$3.4 million, compared to S\$2.2 million for the corresponding quarter last year.

After a long stagnant period, sales of Nickel Metal Hydride (NiMH) rechargeable batteries registered a growth of 40% as the Group managed to capture more market share. Sales for other product lines also recorded steady growth. Sales in Europe increased significantly due to the strong Euro. Sales in other regions were stable.

Our commodity hedging strategy has enabled the Group to continue to conduct business and to expand its market share in a very difficult market condition when raw material prices had been fluctuating. The increase in gross profit margin is attributable to a realised gain of S\$13.9 million on commodity contracts, which matured during the three months ended 30 June 2007. All outstanding commodity contracts as at 30 June 2007 are measured at fair values, resulting in an unrealised loss of S\$26.4 million. Under FRS 39, this estimated loss, although unrealised in nature, is required to be reflected in the profit and loss account.

Distribution expenses had increased as the Group invested aggressively in advertising and promotional activities to further strengthen its market position.

Finance costs for the three months ended 30 June 2007 were S\$4.7 million, an increase of 13.9% over the corresponding period last year. This was due to an increase in borrowings to finance working capital and higher interest rates.

The disposal of the Group's entire investment comprising in TCL resulted in an exceptional gain of S\$16.7 million.

Restoration of production facilities at Ningbo GP Energy Co., Ltd is progressing according to schedule. Demand for Lithium-Polymer products of Danionics Asia Limited remained low.

Delivery of EV NiMH batteries to Vectrix Corporation for use in electric motorcycles rose as demand increased. Vectrix had successfully launched its initial public offer on the Alternative Investment Market of The London Stock Exchange, and is aggressively selling its electric motorcycles in Italy, the UK, Spain and the US.

After reviewing the latest changes in the operations of the Group, the Company had decided that it would let the International Headquarter ("IHQ") status expire on 1 July 2007. Without the IHQ, dividend and certain types of income received by the Company will be taxed at full rate as compared to concessionary rates. The estimated impact to the Group as a result would not be significant.

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 30 May 2007 for the financial year ended 31 March 2007.

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 general business outlook is expected to improve with substantial increase in business in the coming months. Profit outlook is less certain as a result of the volatility of raw material prices especially Nickel and Zinc and the appreciation of Renminbi.

The demand for electric vehicle batteries for use in electric scooters is expected to further increase. The Group will continue to capitalise on market consolidation to gain market share. It will continue to promote its GP brand especially in developing countries. In addition, the Group will focus its efforts on GP Recyko, a new breed of rechargeable batteries, that will drive future growth.

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 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 three months ended 30 June 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

6 August 2007