

First Quarter Financial Statement for the Period Ended 30 June 2008

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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 2008. These figures have not been audited.

	Q1 ended 30.06.08 S\$'000	Q1 ended 30.06.07 S\$'000	Change %
Revenue	222,036	229,778	(3.4)
Cost of sales	(182,696)	(178,871)	2.1
Gross profit	39,340	50,907	(22.7)
Other operating income	2,326	875	165.8
Distribution expenses	(12,993)	(13,462)	(3.5)
Administrative expenses	(20,821)	(20,942)	(0.6)
Other operating expenses	(249)	(418)	(40.4)
Finance costs, net	(3,135)	(4,685)	(33.1)
Unrealised fair value loss of commodity contracts	(4,781)	(26,435)	(81.9)
Exceptional item	0	16,658	n/m
(Loss) Profit before share of results of associates	(313)	2,498	(112.5)
Share of results of associates	2,773	2,486	11.5
Profit before income tax	2,460	4,984	(50.6)
Income tax	(1,328)	(1,174)	13.1
Profit after income tax	1,132	3,810	(70.3)
Attributable to:			
Equity holders of the Company	127	3,369	(96.2)
Minority interests	1,005	441	127.9
	1,132	3,810	(70.3)

n/m denotes 'not meaningful'

	Q1 ended 30.06.08 S\$'000	Q1 ended 30.06.07 S\$'000
Profit from operations is arrived at after crediting (charging) the following:		
Allowance for stock obsolescence	(115)	(773)
Depreciation and amortisation	(8,409)	(9,372)
Realised (loss) gain on commodity contracts, recognised in cost of sales	(4,993)	13,898
Included in other operating income:		
Dividend income	301	0
Foreign exchange gain, net	1,266	450
Interest income	344	189
Exceptional item:		
Gain on disposal of available-for-sale investments	0	16,658

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	
	30.06.08 S\$'000	31.03.08 S\$'000	30.06.08 S\$'000	31.03.08 S\$'000
Non-current assets				
Investment properties	1,220	1,239	0	0
Property, plant and equipment	258,686	263,128	399	494
Interest in subsidiaries	0	0	493,693	493,693
Interest in associates	54,638	56,057	11,753	11,753
Available-for-sale investments	8,641	7,788	0	0
Deferred tax assets	2,358	2,967	0	0
Intangible assets	12,374	13,753	0	0
Goodwill on consolidation	23,363	14,170	0	0
Deposits	5,226	14,401	0	0
Total non-current assets	366,506	373,503	505,845	505,940
Current Assets				
Stocks	156,997	148,435	0	0
Debtors	234,522	198,887	66,396	61,175
Derivative financial instruments	0	93	0	93
Tax recoverable	536	767	0	0
Deposits and prepayments	7,482	6,800	313	344
Bank balances and cash	41,144	64,221	5,758	24,232
Total current assets	440,681	419,203	72,467	85,844
Current Liabilities				
Creditors and accrued charges	167,079	141,498	49,275	42,472
Derivative financial instruments	16,266	11,419	10,536	8,200
Obligations under finance leases	459	539	0	0
Income tax payable	5,441	2,623	1,015	1,015
Bank loans and overdrafts	140,258	91,999	66,727	20,654
Notes	0	59,972	0	59,972
Total current liabilities	329,503	308,050	127,553	132,313
Net current assets (liabilities)	111,178	111,153	(55,086)	(46,469)
Non-current liabilities				
Bank loans	151,922	153,503	134,292	135,559
Obligations under finance leases	697	800	0	0
Deferred tax liabilities	3,851	4,583	65	65
Total non-current liabilities	156,470	158,886	134,357	135,624
	321,214	325,770	316,402	323,847
Represented by				
Share capital	230,971	230,971	230,971	230,971
Reserves	42,892	46,852	85,431	92,876
Attributable to equity holders of the Company	273,863	277,823	316,402	323,847
Minority interests	47,351	47,947	0	0
	321,214	325,770	316,402	323,847

On 30 June 2008, the Group announced the acquisition of 50% interest in Aim High Group Limited ("Aim High"). After the acquisition, Aim High became a wholly owned subsidiary of the Group. The increase in stock and debtors were mainly due to the consolidation of assets and liabilities of Aim High as at 30 June 2008.

The Group repaid a S\$60 million notes in June 08 with internal cash resources and bank borrowings.

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

Amount repayable in one year or less, or on demand

As at 30.06.08		As at 31.03.08	
Secured	Unsecured	Secured	Unsecured
S\$459,000	S\$140,258,000	S\$539,000	S\$151,971,000

Amount repayable after one year

As at 30.06.08		As at 31.03.08	
Secured	Unsecured	Secured	Unsecured
S\$697,000	S\$151,922,000	S\$800,000	S\$153,503,000

Details of any collateral

Net book value of fixed assets in respect of certain motor vehicles and equipment held under finance leases:

As at 30.06.08		As at 31.03.08	
The Group	The Company	The Group	The Company
S\$947,000	Nil	S\$1,034,000	Nil

Land and buildings with a total net book value of S\$3,369,000 (as at 31/03/08: S\$3,502,000) 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 30.06.08 S\$'000	Q1 ended 30.06.07 S\$'000
Operating activities		
Profit before income tax	2,460	4,984
Adjustments for:		
Allowance for doubtful debts	190	0
Allowance for stock obsolescence	115	773
Depreciation and amortisation	8,409	9,372
Dividend income from available-for-sale investments	(301)	0
Finance costs, net	3,135	4,685
Gain on disposal of available-for-sale investments	0	(16,658)
Interest income	(344)	(189)
Loss on disposal of property, plant and equipment	13	158
Property, plant and equipment written off	70	18
Realised loss (gain) on commodity contracts	4,993	(13,898)
Share of results of associates	(2,773)	(2,486)
Unrealised fair value loss (gain) of commodity contracts	4,781	26,435
Unrealised foreign exchange gain	(1,864)	(332)
Operating profit before working capital changes	18,884	12,862
Stocks	(4,213)	(43,684)
Debtors	(25,615)	(23,512)
Deposits and prepayments	(742)	(2,608)
Creditors and accrued charges	10,230	46,491
Cash used in operations	(1,456)	(10,451)
Interest received	1,160	158
Interest paid	(3,522)	(6,876)
Income tax paid	(779)	(1,062)
Net cash used in operating activities	(4,597)	(18,231)
Investing activities		
Acquisition of a subsidiary, net of cash acquired	(2,351)	0
Dividends received from associates	1,374	0
Dividends received from available-for-sale investments	301	0
Proceeds on disposal of property, plant and equipment	118	25
Purchase of available-for-sale investments	(989)	(1,573)
Purchase of property, plant and equipment	(6,363)	(6,900)
Net cash used in investing activities	(7,910)	(8,448)

	Q1 ended 30.06.08 S\$'000	Q1 ended 30.06.07 S\$'000
Financing activities		
Bank loans obtained	49,610	18,085
Issue of shares	0	38
Repayment of notes	(60,000)	0
Repayment of obligations under finance leases	(183)	(71)
Net cash (used in) from financing activities	<u>(10,573)</u>	<u>18,052</u>
Net decrease in cash and cash equivalents	(23,080)	(8,627)
Cash and cash equivalents at beginning of period	60,304	52,610
Effect of exchange rate changes on the balance of cash held in foreign currencies	(188)	(31)
Cash and cash equivalents at end of period	<u>37,036</u>	<u>43,952</u>
Cash and cash equivalents at end of period comprise:		
Bank balances and cash	41,144	45,465
Bank overdrafts	(4,108)	(1,513)
	<u>37,036</u>	<u>43,952</u>
Acquisition of a subsidiary, net of cash acquired		
The assets and liabilities of a subsidiary acquired during the period are as follows:		
Non-current assets	9,011	0
Current assets	20,233	0
Current liabilities	(12,856)	0
Interest in subsidiary previously accounted for as associates	(8,194)	0
Net assets acquired	<u>8,194</u>	<u>0</u>
Goodwill	6,723	0
Consideration of acquisition	14,917	0
Less: Consideration payable	(2,984)	0
Less: Deposits paid in previous financial year	(8,923)	0
Less: Cash and cash equivalents acquired	(659)	0
Cash outflow on acquisition	<u>2,351</u>	<u>0</u>

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 reserve S \$'000	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	Hedging reserve S \$'000	Attributable to equity holders of the Company S \$'000	Minority interests S \$'000	Total S \$'000
Balance at 31.03.08	230,971	(35,507)	9,004	(100,322)	2,151	2,742	170,567	1,133	(2,916)	0	277,823	47,947	325,770
Translation gain (loss) arising on cashflow hedge	0	0	0	(3,932)	0	0	0	0	0	0	(3,932)	(1,601)	(5,533)
Net gain (loss) recognised directly in equity	0	0	0	0	0	0	0	0	0	(155)	(155)	0	(155)
Profit (loss) for current period	0	0	0	(3,932)	0	0	0	0	0	(155)	(4,087)	(1,601)	(5,688)
Total profit (loss) recognised for the period	0	0	0	0	0	0	127	0	0	0	127	(596)	(4,556)
Transfer to (from) reserves	0	0	382	0	0	0	(382)	0	0	0	0	0	0
Balance at 30.06.08	230,971	(35,507)	9,386	(104,254)	2,151	2,742	170,312	1,133	(2,916)	(155)	273,863	47,351	321,214

The Group	Share capital S \$'000	Capital reserve S \$'000	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	(35,913)	6,290	(80,034)	3,065	2,740	182,250	1,133	20,061	330,473	48,029	378,502
Translation gain (loss)	0	0	0	(290)	0	0	0	0	0	(290)	30	(260)
Net fair value changes on on available-for-sale investments	0	0	0	0	0	0	0	0	648	648	0	648
Net gain (loss) recognised directly in equity	0	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	0	(23,253)	(23,253)	0	(23,253)
Profit (loss) for current period	0	0	0	0	0	0	3,369	0	0	3,369	441	3,810
Total profit (loss) recognised for the period	0	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	0	38	0	38
Transfer to (from) reserves	0	406	2,414	0	0	0	(2,820)	0	0	0	0	0
Balance at 30.06.07	230,919	(35,507)	8,704	(80,324)	3,065	2,740	182,799	1,133	(2,544)	310,985	48,500	359,485

The Company	Share capital S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Total equity S\$'000
Balance at 31.03.08	230,971	2,742	89,001	1,133	323,847
Loss for the period	0	0	(7,445)	0	(7,445)
Balance at 30.06.08	230,971	2,742	81,556	1,133	316,402
Balance at 31.03.07	230,881	2,740	85,011	1,133	319,765
Issue of shares	38	0	0	0	38
Profit for the period	0	0	4,250	0	4,250
Balance at 30.06.07	230,919	2,740	89,261	1,133	324,053

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 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 2008 to 30 June 2008.

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 30.06.08	As at 31.03.08
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	871,000	871,000
No. 4	24 June 2013	S\$2.50	2,280,000	2,280,000
No. 4	24 June 2008	S\$2.50	0	100,000
			4,043,000	4,143,000

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

1(d)(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	30.06.08	31.03.08
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(d)(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 2008, 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.**

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 2008.

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 30.06.08	Q1 ended 30.06.07
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	0.12 cents	3.07 cents
(b) On a fully diluted basis	0.12 cents	2.98 cents
Weighted average number of ordinary shares	109,687,168	109,618,794

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	
	30.06.08 S\$	31.03.08 S\$	30.06.08 S\$	31.03.08 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.50	2.53	2.88	2.95

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 2008 was S\$222.0 million, a decrease of 3.4% over the corresponding period last year. Profit after tax attributable to equity holders of the Company for the first quarter was S\$0.1 million, against S\$3.4 million for the same quarter in the preceding year.

Sales across product mix generally decreased but were mitigated by a 23% growth in sales of Nickel Metal Hydride (NiMH) rechargeable batteries. Sales to Japan and Taiwan increased by about 43% and 30% respectively mainly attributed to increase in demand from industrial/OEM accounts. There was a decrease in sales to other geographical regions because of the Group's effort to improve its operating margin.

Gross profit for the first quarter ended 30 June 2008 was 18% as compared to 22% for the quarter ended 30 June 2007. The decrease in gross profit margin was attributable to a realized loss of S\$5.0 million on commodity contracts which matured during the three months ended 30 June 2008 (Quarter ended 30 June 2007: Realised gain of S\$13.9 million). Outstanding commodity contracts as at 30 June 2008 were measured at fair values in accordance with FRS 39 resulting in an unrealized loss of S\$4.8 million for the first quarter (Quarter ended 30 June 2007: S\$26.4 million). Most of these outstanding contracts will expire before end of this calendar year.

While the Group had entered into commodity swap contracts to manage fluctuating raw material prices, efforts had not been spared in stepping up cost controls and improving margins. Excluding the gain and loss arising from commodity contracts and disposal of available-for-sale investments, operating profits had improved as compared to the same period last year despite rising costs and volatility of material prices.

Finance costs for the three months ended 30 June 2008 were S\$3.1 million, a decrease of 33% over the corresponding period due to lower interest rates.

In order to capitalize on the rising interest in electric transportation, the Group is pursuing different opportunities in China to produce Nickel Metal Hydride batteries for hybrid electric vehicle. Some of these opportunities are likely to materialize in the next 12 months.

The Group commenced to ship small quantities of notebook computer batteries to Boston Power in June 2008.

In June 2008, the Group acquired an additional 50% equity interest in Aim High Group Limited ("Aim High") thereby making Aim High a wholly-owned subsidiary of the Group. This acquisition will enable the Group to expand its core business by extending its marketing and network presence in Eastern Europe particularly Russia.

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 28 May 2008 for the financial year ended 31 March 2008.

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 Group expects sales turnover to remain steady although the general operating environment will continue to be challenging. Margin will be uncertain amidst fluctuating raw material prices and foreign currency exchange rates. However, on-going cost control and streamlining of operations will put the Group in a better position to weather through this difficult business environment.

The Group will continue to extend its presence in the emerging markets and promote its GP brand. With increasing interest in electric-powered transport, the Group is poised to exploit this trend for future potential 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.

13. Confirmation by the Board Pursuant to Rule 705(4) of the Listing Manual

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 2008 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

13 August 2008