

Second Quarter and Half Year Financial Statement And Dividend Announcement for the Period Ended 30 September 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 second quarter ("Q2") and the half year ("H1") ended 30 September 2010. These figures have not been audited.

	Q2 ended 30.9.10 S\$'000	Q2 ended 30.9.09 S\$'000	Change %	H1 ended 30.9.10 S\$'000	H1 ended 30.9.09 S\$'000	Change %
Revenue	239,383	216,138	10.8	461,685	403,377	14.5
Cost of sales	(188,958)	(165,155)	14.4	(361,512)	(309,708)	16.7
Gross profit	50,425	50,983	(1.1)	100,173	93,669	6.9
Other operating income	2,187	1,442	51.7	4,368	2,453	78.1
Distribution expenses	(15,814)	(16,099)	(1.8)	(29,636)	(28,479)	4.1
Administrative expenses	(23,005)	(21,056)	9.3	(46,868)	(41,679)	12.5
Other operating expenses	(1,466)	(4,370)	(66.5)	(2,316)	(5,279)	(56.1)
Finance costs, net	(2,295)	(2,210)	3.8	(4,357)	(4,872)	(10.6)
Exchange (loss) gain, net	(441)	2,414	n/m	(1,150)	6,583	n/m
Profit before share of results of associates	9,591	11,104	(13.6)	20,214	22,396	(9.7)
Share of results of associates	1,893	5,026	(62.3)	4,138	7,423	(44.3)
Profit before income tax	11,484	16,130	(28.8)	24,352	29,819	(18.3)
Income tax	(2,582)	(3,793)	(31.9)	(5,413)	(6,174)	(12.3)
Profit after income tax	8,902	12,337	(27.8)	18,939	23,645	(19.9)
Attributable to:						
Equity holders of the Company	7,526	10,349	(27.3)	15,586	21,016	(25.8)
Non-controlling interests	1,376	1,988	(30.8)	3,353	2,629	27.5
	8,902	12,337	(27.8)	18,939	23,645	(19.9)

n/m denotes "not meaningful"

	Q2 ended 30.9.10 S\$'000	Q2 ended 30.9.09 S\$'000	H1 ended 30.9.10 S\$'000	H1 ended 30.9.09 S\$'000
Profit from operations is arrived at after crediting (charging) the following:				
Depreciation and amortisation	(7,001)	(7,944)	(13,971)	(15,843)
Realised (loss) gain on commodity contracts, recognised in cost of sales	(861)	195	(1,687)	255
Included in other operating income:				
Subsidy from Government	1,009	558	1,145	558
Technical and marketing development fee income	326	511	1,889	1,040
Included in other operating expenses:				
Allowance for advances to an associate	0	(1,220)	0	(1,220)
Goodwill on consolidation written off	(286)	0	(286)	0
Impairment loss on property, plant and equipment	(620)	(2,767)	(1,205)	(2,767)
Impairment loss on available-for-sale investments	0	0	(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	
	30.9.10 \$'000	31.3.10 \$'000	30.9.10 \$'000	31.3.10 \$'000
Non-current assets				
Investment properties	1,185	1,263	0	0
Property, plant and equipment	235,114	247,702	1,723	478
Interest in subsidiaries	0	0	369,270	369,437
Interest in associates	83,865	85,067	11,590	11,590
Available-for-sale investments	4,037	3,346	0	0
Deferred tax assets	3,565	3,110	0	0
Intangible assets	3,336	5,581	0	0
Goodwill on consolidation	18,388	19,835	0	0
Deposits and prepayments	0	1,245	0	1,245
Total non-current assets	349,490	367,149	382,583	382,750
Current assets				
Stocks	119,876	131,970	0	0
Debtors	188,069	165,795	72,712	72,625
Derivative financial instruments	795	0	0	0
Tax recoverable	512	1,168	0	0
Deposits and prepayments	12,545	10,019	725	481
Bank balances and cash	89,524	77,614	1,642	4,232
Total current assets	411,321	386,566	75,079	77,338
Current liabilities				
Creditors and accrued charges	186,982	180,270	92,249	77,243
Derivative financial instruments	20	0	20	0
Obligations under finance leases	152	200	0	0
Income tax payable	7,779	7,831	196	225
Bank loans and overdrafts	177,501	150,436	71,048	75,497
Total current liabilities	372,434	338,737	163,513	152,965
Net current assets (liabilities)	38,887	47,829	(88,434)	(75,627)
Non-current liabilities				
Bank loans	40,707	53,005	33,331	46,609
Obligations under finance leases	28	84	0	0
Deferred tax liabilities	3,538	4,334	0	0
Total non-current liabilities	44,273	57,423	33,331	46,609
Net assets	344,104	357,555	260,818	260,514
Represented by				
Share capital	231,001	230,975	231,001	230,975
Reserves	66,294	77,711	29,817	29,539
Attributable to equity holders of the Company	297,295	308,686	260,818	260,514
Non-controlling interests	46,809	48,869	0	0
	344,104	357,555	260,818	260,514

The increase in debtors and creditors are mainly due to increase in sales and manufacturing activities. The decrease in stocks is due to tightening and stepping up monitoring of inventory control to reduce stock holding period.

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

	Asat 30.9.10 S\$'000	Asat 31.3.10 S\$'000
Amount repayable in one year or less, or on demand		
Unsecured:		
Current portion of long term bank loans	34,669	31,268
Short term bank loans	116,949	100,959
Bank overdrafts	2,479	2,999
Import and export loans	23,404	15,210
	177,501	150,436
Secured:		
Obligations under finance leases	152	200
Amount repayable after one year		
Unsecured:		
Long term bank loans	40,707	53,005
Secured:		
Obligations under finance leases	28	84

Details of any collateral

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

As at 30.9.10		As at 31.3.10	
The Group	The Company	The Group	The Company
S\$232,000	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

	Q2 30.9.10 S\$'000	Q2 30.9.09 S\$'000
Operating activities		
Profit before income tax	11,484	16,130
Adjustments for:		
Allowance for advances to an associate	0	1,220
Allowance for doubtful debts (trade)	77	1,344
Allowance for stock obsolescence	(387)	182
Depreciation and amortisation	7,001	7,944
Dividend income from available-for-sale investments	(369)	0
Finance costs, net	2,295	2,210
Goodwill on consolidation written off	286	0
Impairment loss on property, plant and equipment	620	2,767
Interest income	(68)	(134)
Loss on disposal of property, plant and equipment	38	27
Property, plant and equipment written off	40	200
Realised loss (gain) on commodity contracts	861	(195)
Share of results of associates	(1,893)	(5,026)
Unrealised foreign exchange gain	(1,428)	(2,334)
Operating profit before working capital changes	18,557	24,335
Stocks	21,782	(1,297)
Debtors	(21,458)	(40,146)
Deposits and prepayments	475	1,218
Creditors and accrued charges	3,448	20,342
Cash from operations	22,804	4,452
Interest received	58	127
Interest paid	(2,085)	(3,013)
Income tax paid	(3,690)	(2,511)
Net cash from (used in) operating activities	17,087	(945)
Investing activities		
Dividends received from associates	1,441	1,304
Proceeds on disposal of property, plant and equipment	347	78
Purchase of property, plant and equipment	(4,896)	(5,091)
Net cash used in investing activities	(3,108)	(3,709)

	Q2 30.9.10 S\$'000	Q2 30.9.09 S\$'000
Financing activities		
Drawdown of term loans	6,580	0
Repayment of term loans	(8,392)	(3,423)
Other short term bank loans obtained, net	3,232	(162)
Dividends paid	(8,776)	(1,645)
Dividends paid to minority shareholders	(1,986)	0
Issue of shares	18	0
Repayment of obligations under finance leases	(50)	(93)
Net cash used in financing activities	<u>(9,374)</u>	<u>(5,323)</u>
Net increase (decrease) in cash and cash equivalents	4,605	(9,977)
Cash and cash equivalents at beginning of period	86,943	138,934
Effect of exchange rate changes on the balance of cash held in foreign currencies	(4,503)	(3,159)
Cash and cash equivalents at end of period	<u>87,045</u>	<u>125,798</u>
Cash and cash equivalents at end of period comprise:		
Bank balances and cash	89,524	127,906
Bank overdrafts	(2,479)	(2,108)
	<u>87,045</u>	<u>125,798</u>

1(d) Statement of Comprehensive Income

The Group	Q2 ended 30.9.10 S\$'000	Q2 ended 30.9.09 S\$'000	H1 ended 30.9.10 S\$'000	H1 ended 30.9.09 S\$'000
Profit for the period	8,902	12,337	18,939	23,645
Other comprehensive income (loss):				
Translation differences arising from consolidation of foreign operations	(19,313)	(10,991)	(21,252)	(32,712)
Fair value (loss) gain on available-for-sale financial assets	(215)	112	(215)	1,042
Fair value gain on cash-flow hedges	3,347	33	795	123
Other comprehensive loss for the period, net of tax	(16,181)	(10,846)	(20,672)	(31,547)
Total comprehensive income (loss) for the period	(7,279)	1,491	(1,733)	(7,902)
Attributable to:				
Equity holders of the Company	(6,426)	626	(2,641)	(7,064)
Non-controlling interests	(853)	865	908	(838)
	(7,279)	1,491	(1,733)	(7,902)

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	Fair value reserve S\$'000	Hedging reserve S\$'000	Sub Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
Balance at 30 June 2010	230,983	(34,429)	12,836	(104,864)	3,358	206,014	1,133	0	(2,552)	312,479	49,648	362,127
Total comprehensive income	0	0	0	(17,084)	0	7,526	0	(215)	3,347	(6,426)	(853)	(7,279)
Issue of shares	18	0	0	0	0	0	0	0	0	18	0	18
Transfer to (from) reserves	0	0	281	0	0	(281)	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	(8,776)	0	0	0	(8,776)	0	(8,776)
Dividends paid to non-controlling interests	0	0	0	0	0	0	0	0	0	0	(1,986)	(1,986)
Balance at 30 September 2010	231,001	(34,429)	13,117	(121,948)	3,358	204,483	1,133	(215)	795	297,295	46,809	344,104

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	Fair value reserve S\$'000	Hedging reserve S\$'000	Sub Total S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance at 30 June 2009	230,971	(34,983)	10,948	(89,158)	3,358	177,803	1,133	482	90	300,644	49,168	349,812
Total comprehensive income	0	0	0	(9,868)	0	10,349		112	33	626	865	1,491
Transfer to (from) reserves	0	0	340	0	0	(340)	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	(1,645)	0	0	0	(1,645)	0	(1,645)
Balance at 30 September 2009	230,971	(34,983)	11,288	(99,026)	3,358	186,167	1,133	594	123	299,625	50,033	349,658

The Company	Share capital S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Translation reserve S\$'000	Total S\$'000
Balance at 30 June 2010	230,983	34,661	1,133	(5)	266,772
Total comprehensive income	0	2,758	0	46	2,804
Issue of shares	18	0	0	0	18
Dividends paid	0	(8,776)	0	0	(8,776)
Balance at 30 September 2010	231,001	28,643	1,133	41	260,818
Balance at 30 June 2009	230,971	44,349	1,133	(1)	276,452
Total comprehensive income	0	3,276	0	(9)	3,267
Dividends paid	0	(1,645)	0	0	(1,645)
Balance at 30 September 2009	230,971	45,980	1,133	(10)	278,074

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 30 June 2010, 15,000 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:

	Number of issued shares	Issued share capital S\$'000
As at 30 June 2010	109,696,168	230,983
Issued at S\$1.25 per share	15,000	18
As at 30 September 2010	109,711,168	231,001

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:

Date of Expiry	Exercise Price per each ordinary share	As at 30.9.10	As at 30.9.09
16 March 2010	S\$1.41	-	375,000
10 October 2010	S\$1.60	517,000	517,000
4 August 2012	S\$1.25	697,000	721,000
24 June 2013	S\$2.50	1,981,000	1,981,000

		3,195,000	3,594,000
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As at 30 September 2010, the Company did not hold any of its issued shares as treasury shares (30 September 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.

As at	30.9.10	31.3.10
Total number of issued shares	109,711,168	109,690,168
Less: Treasury shares	<u>-</u>	<u>-</u>
Total number of issued shares excluding treasury shares	<u>109,711,168</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 September 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")	Q2 ended 30.9.10	Q2 ended 30.9.09	H1 ended 30.9.10	H1 ended 30.9.09
(a) Basic	Cents 6.86	Cents 9.44	Cents 14.21	Cents 19.16
(b) Diluted	6.84	9.44 ⁽¹⁾	14.17	19.16 ⁽¹⁾

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	Q2 ended 30.9.10	Q2 ended 30.9.09	H1 ended 30.9.10	H1 ended 30.9.09
Weighted average number of ordinary shares used in calculating basic EPS	109,701,875	109,687,168	109,697,639	109,687,168
Adjustments for potentially dilutive ordinary shares	259,815	- ⁽¹⁾	270,416	- ⁽¹⁾
Weighted average number of ordinary shares used in calculating diluted EPS	109,961,690	109,687,168	109,968,055	109,687,168

⁽¹⁾ No dilutive effect as the share options are out-of-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	
	30.9.10 S\$	31.3.10 S\$	30.9.10 S\$	31.3.10 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.71	2.81	2.38	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 and six months ended 30 September 2010 was S\$239.4 million and S\$461.7 million respectively, an increase of 11% and 15% over the corresponding periods last year.

Sales of rechargeable batteries rose by 31% and 21% for the three months and six months ended 30 September 2010 respectively over corresponding periods last year while sales of primary batteries remained steady. Sales had increased across all regions, with sales to Europe registering a 23% increase for the three months ended 30 September 2010 over corresponding period last year.

Profit before income tax for the three months and six months ended 30 September 2010 was S\$11.5 million and S\$24.4 million respectively. The underlying profit (i.e. profit before income tax after adjustments of other operating income, other operating expenses, and exchange gain/loss) for the three months and six months ended 30 September 2010 was S\$11.2 million and S\$23.5 million respectively, as compared to S\$16.6 million and S\$26.1 million respectively in corresponding periods last year. The decrease in underlying profit is mainly attributable to lower gross profit margin. Gross profit margin for the three months and six months ended

30 September 2010 was 21.1% and 21.7% respectively as compared to 23.6% and 23.2% in the corresponding periods last year. Higher operating costs in China due to wage increase and appreciation of Renminbi as well as higher material prices resulted in lower margins. The strength of Singapore dollar has also affected the Group's results as most of the revenue was denominated in US dollar - when such revenue was translated into Singapore dollar, the reported profit of the Group became smaller.

Administrative expenses for the three months and six months ended 30 September 2010 were S\$23.0 million and S\$46.9 million respectively, an increase of 9% and 13% over the corresponding periods last year. The increase was mainly due to running costs and maintenance expenses incurred in relation to the implementation of SAP system.

Finance costs for the six months ended 30 September 2010 was S\$4.4 million, a decrease of 11% over the corresponding period due to lower bank borrowings.

Share of results of associates for the three months and six months ended 30 September 2010 was S\$1.9 million and S\$4.1 million respectively, a decrease of 62% and 44% over the corresponding periods last year. The slowdown in demand for notebook computer battery packs resulted in lower contributions from associates.

The Company has entered into separate MOUs with the National University of Singapore, the Republic Polytechnic and certain members of A*Star for collaborative research in different areas including battery chemical and battery management systems for electric vehicles (EVs). These cooperations will strengthen our R & D efforts in development of EV batteries.

We have revitalized the market for Vectrix motorbikes and with our marketing efforts, purchase orders are coming in from the US, Europe and Japan.

The lithium batteries produced by our subsidiary in Taiwan for Boston Power are finding new application in EVs.

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 period ended 30 June 2010 released on 11 August 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 Group is seeing signs of market uncertainties. Margins are under pressure due to wage increase in China, appreciation of the Renminbi and the volatility of raw material prices.

In order to remain competitive, the Group is embarking on measures to improve cost effectiveness, including price revision to reflect cost increases. However, it will take time for these measures to impact the results of the Group. The Group will also endeavor to increase productivity via increased automation. Marketing efforts will focus on improving distribution network and timely launch of new products as well as optimizing pricing strategies.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

Name of Dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	2.0 cents
Tax rate	Tax-exempt (one-tier)

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	2.0 cents
Tax rate	Tax-exempt (one-tier)

(c) *Date payable*

To be announced later.

(d) *Books closure date*

To be announced later.

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 second quarter ended 30 September 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

10 November 2010