



First Quarter Financial Statement for the Period Ended 30 June 2011

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 2011. These figures have not been audited.

| | Q1 ended 30.6.11 S\$'000 | Q1 ended 30.6.10 S\$'000 | Change % |
|--|---|---|---------------------|
| | | Restated | |
| Revenue | 195,169 | 222,302 | (12.2) |
| Cost of sales | (154,285) | (172,054) | (10.3) |
| Gross profit | 40,884 | 50,248 | (18.6) |
| Other operating income | 1,019 | 2,181 | (53.3) |
| Distribution expenses | (13,796) | (17,764) | (22.3) |
| Administrative expenses | (19,619) | (20,421) | (3.9) |
| Other operating expenses | (1,112) | (850) | 30.8 |
| Finance costs | (1,750) | (2,062) | (15.1) |
| Exchange gain (loss) | 92 | (709) | n/m |
| Profit before share of results of associates | 5,718 | 10,623 | (46.2) |
| Share of results of associates | 66 | 2,245 | (97.1) |
| Profit before income tax | 5,784 | 12,868 | (55.1) |
| Income tax | (2,125) | (2,831) | (24.9) |
| Profit after income tax | 3,659 | 10,037 | (63.5) |
| Attributable to: | | | |
| Equity holders of the Company | 2,150 | 8,060 | (73.3) |
| Non-controlling interests | 1,509 | 1,977 | (23.7) |
| | 3,659 | 10,037 | (63.5) |

n/m denotes not meaningful
Certain comparative figures have been reclassified

Statement of Comprehensive Income

| The Group | Q1 ended 30.6.11 S\$'000 | Q1 ended 30.6.10 S\$'000 |
|---|---|---|
| Profit for the period | 3,659 | 10,037 |
| Other comprehensive income (loss): | | |
| Translation differences arising from consolidation of foreign operations | (7,146) | (1,939) |
| Fair value gain on available-for-sale financial assets | (529) | 0 |
| Fair value loss on cash-flow hedges | 0 | (2,552) |
| Other comprehensive loss for the period | (7,675) | (4,491) |
| Total comprehensive income (loss) for the period | (4,016) | 5,546 |
| Attributable to: | | |
| Equity holders of the Company | (4,855) | 3,785 |
| Non-controlling interests | 839 | 1,761 |
| | (4,016) | 5,546 |
| | | |

| | Q1 ended 30.6.11 S\$'000 | Q1 ended 30.6.10 S\$'000 |
|---|---|---|
| Profit from operations is arrived at after crediting (charging) the following: | | |
| Depreciation and amortisation | (7,096) | (6,970) |
| Realised loss on commodity contracts, recognised in cost of sales | (616) | (826) |
| Included in other operating income: | | |
| Technical and marketing development fee income | 315 | 1,563 |
| Included in other operating expenses: | | |
| Impairment loss on available-for-sale investments | 0 | (94) |
| Impairment loss on property, plant and equipment | 0 | (585) |
| Loss on disposal of property, plant and equipment | (217) | (39) |
| Property, plant and equipment written off | (369) | (18) |
| Unrealised fair value loss of commodity contracts | (342) | 0 |

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

| As at | The Group | | The Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30.6.11 S\$'000 | 31.3.11 S\$'000 | 30.6.11 S\$'000 | 31.3.11 S\$'000 |
| Non-current assets | | | | |
| Investment properties | 1,106 | 1,133 | 0 | 0 |
| Property, plant and equipment | 240,052 | 243,904 | 2,816 | 3,085 |
| Interest in subsidiaries | 0 | 0 | 366,662 | 366,677 |
| Interest in associates | 69,444 | 69,926 | 16,398 | 16,398 |
| Available-for-sale investments | 5,101 | 4,673 | 0 | 0 |
| Deferred tax assets | 3,619 | 3,537 | 0 | 0 |
| Intangible assets | 1,595 | 2,042 | 0 | 0 |
| Goodwill on consolidation | 17,616 | 18,055 | 0 | 0 |
| Total non-current assets | 338,533 | 343,270 | 385,876 | 386,160 |
| Current assets | | | | |
| Stocks | 112,698 | 105,658 | 0 | 0 |
| Debtors | 168,540 | 156,871 | 67,328 | 75,441 |
| Derivative financial instruments | 5 | 16 | 5 | 0 |
| Tax recoverable | 647 | 627 | 0 | 0 |
| Deposits and prepayments | 11,317 | 12,399 | 833 | 859 |
| Bank balances and cash | 76,128 | 75,617 | 4,257 | 1,753 |
| Total current assets | 369,335 | 351,188 | 72,423 | 78,053 |
| Current liabilities | | | | |
| Creditors and accrued charges | 174,875 | 152,504 | 108,260 | 108,273 |
| Derivative financial instruments | 324 | 188 | 0 | 23 |
| Obligations under finance leases | 89 | 119 | 40 | 36 |
| Income tax payable | 4,033 | 3,118 | 184 | 348 |
| Bank loans and overdrafts | 177,056 | 174,622 | 70,072 | 67,166 |
| Total current liabilities | 356,377 | 330,551 | 178,556 | 175,846 |
| Net current assets (liabilities) | 12,958 | 20,637 | (106,133) | (97,793) |
| Non-current liabilities | | | | |
| Bank loans | 21,570 | 29,027 | 21,570 | 29,027 |
| Obligations under finance leases | 55 | 67 | 55 | 67 |
| Deferred tax liabilities | 3,413 | 3,393 | 0 | 0 |
| Total non-current liabilities | 25,038 | 32,487 | 21,625 | 29,094 |
| Net assets | 326,453 | 331,420 | 258,118 | 259,273 |
| Represented by | | | | |
| Share capital | 231,257 | 231,257 | 231,257 | 231,257 |
| Reserves | 50,821 | 55,676 | 26,861 | 28,016 |
| Attributable to equity holders of the Company | 282,078 | 286,933 | 258,118 | 259,273 |
| Non-controlling interests | 44,375 | 44,487 | 0 | 0 |
| | 326,453 | 331,420 | 258,118 | 259,273 |

The increase in stocks, debtors and creditors are in line with the increase in turnover.

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

| | As at 30.6.11 S\$'000 | As at 31.3.11 S\$'000 |
|--|--------------------------------------|--------------------------------------|
| Amount repayable in one year or less, or on demand | | |
| Unsecured: | | |
| Long term bank loans | | |
| - scheduled repayments within 12 months | 37,988 | 39,629 |
| - not repayable within 12 months but contain a repayment on demand clause | 4,837 | 6,338 |
| Short term bank loans | 110,792 | 107,171 |
| Bank overdrafts | 1,510 | 1,137 |
| Import and export loans | 21,929 | 20,347 |
| | 177,056 | 174,622 |
| Secured: | | |
| Obligations under finance leases | 89 | 119 |
| Amount repayable after one year | | |
| Unsecured: | | |
| Long term bank loans | 21,570 | 29,027 |
| Secured: | | |
| Obligations under finance leases | 55 | 67 |
| | | |

Details of any collateral

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

| As at 30.6.11 | | As at 31.3.11 | |
|----------------------|-------------|----------------------|-------------|
| The Group | The Company | The Group | The Company |
| S\$222,000 | S\$91,000 | S\$253,000 | S\$101,000 |

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 30.6.11 S\$'000 | Q1 30.6.10 S\$'000 |
|--|-----------------------------------|-----------------------------------|
| Operating activities | | |
| Profit before income tax | 5,784 | 12,868 |
| Adjustments for: | | |
| Allowance for doubtful debts (trade) | 54 | 508 |
| Allowance for stock obsolescence | 821 | 620 |
| Depreciation and amortisation | 7,096 | 6,970 |
| Finance costs | 1,750 | 2,062 |
| Impairment loss on available-for-sale investments | 0 | 94 |
| Impairment loss on property, plant and equipment | 0 | 585 |
| Interest income | (116) | (92) |
| Loss on disposal of property, plant and equipment | 217 | 39 |
| Property, plant and equipment written off | 369 | 18 |
| Realised loss on commodity contracts | 616 | 826 |
| Share of results of associates | (66) | (2,245) |
| Unrealised fair value loss of commodity contracts | 342 | 0 |
| Unrealised foreign exchange (gain) loss | (1,029) | 36 |
| Operating profit before working capital changes | 15,838 | 22,289 |
| Stocks | (10,435) | (9,921) |
| Debtors | (15,185) | (15,749) |
| Deposits and prepayments | 785 | (3,597) |
| Creditors and accrued charges | 22,982 | 8,932 |
| Cash from operations | 13,985 | 1,954 |
| Interest received | 115 | 93 |
| Interest paid | (1,752) | (2,072) |
| Income tax paid | (1,103) | (2,151) |
| Net cash generated from (used in) operating activities | 11,245 | (2,176) |
| | | |

| | Q1 30.6.11 S\$'000 | Q1 30.6.10 S\$'000 |
|--|-----------------------------------|-----------------------------------|
| Investing activities | | |
| Acquisition of a subsidiary, net of cash acquired | 0 | 290 |
| Dividends received from associates | 0 | 335 |
| Proceeds on disposal of an associate | 2,434 | 0 |
| Proceeds on disposal of property, plant and equipment | 67 | 22 |
| Purchase of available-for-sale investments | (1,068) | (1,271) |
| Purchase of property, plant and equipment | (6,870) | (5,002) |
| Net cash used in investing activities | (5,437) | (5,626) |
| Financing activities | | |
| Repayment of term loans | (10,149) | (6,667) |
| Other short term bank loans obtained | 6,880 | 28,087 |
| Dividends paid to minority shareholders | (951) | (1,022) |
| Issue of shares | 0 | 8 |
| Repayment of obligations under finance leases | (40) | (44) |
| Net cash (used in) generated from financing activities | (4,260) | 20,362 |
| Net increase in cash and cash equivalents | 1,548 | 12,560 |
| Cash and cash equivalents at beginning of period | 74,480 | 74,615 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | (1,410) | (232) |
| Cash and cash equivalents at end of period | 74,618 | 86,943 |
| Cash and cash equivalents at end of period comprise: | | |
| Bank balances and cash | 76,128 | 88,478 |
| Bank overdrafts | (1,510) | (1,535) |
| | 74,618 | 86,943 |
| | | |

| | Q1 30.6.11 S\$'000 | Q1 30.6.10 S\$'000 |
|--|--------------------------|--------------------------|
| Effects of acquisitions | | |
| The assets and liabilities of a subsidiary acquired during the period were as follows: | | |
| Property, plant and equipment | 0 | 1 |
| Bank balances and cash | 0 | 290 |
| Debtors, deposits and prepayments | 0 | 135 |
| Creditors and accrued charges | 0 | (34) |
| Tax recoverable | 0 | 2 |
| Non-controlling interests | 0 | (39) |
| Interest in subsidiary previously accounted for as an associate | 0 | (197) |
| Net assets acquired | 0 | 158 |
| Goodwill | 0 | 8 |
| Total purchase price | 0 | 166 |
| Purchase price payable | 0 | (166) |
| Less: Cash and cash equivalents acquired | 0 | (290) |
| Cash outflow on acquisitions, net of cash paid | 0 | (290) |
| | | |

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 | Retained profits S\$'000 | Share option reserve S\$'000 | Fair value reserve S\$'000 | Sub Total S\$'000 | Non-controlling interests S\$'000 | Total S\$'000 |
|---|----------------------------------|------------------------------------|----------------------------------|--|--|-------------------------------------|---|---|------------------------------|--|--------------------------|
| Balance at 1 April 2011 | 231,257 | (34,433) | 13,117 | (134,293) | 3,358 | 205,902 | 1,133 | 892 | 286,933 | 44,487 | 331,420 |
| Total comprehensive income | 0 | 0 | 0 | (6,476) | 0 | 2,150 | 0 | (529) | (4,855) | 839 | (4,016) |
| Transfer to (from) reserves | 0 | 0 | 1,182 | 0 | 0 | (1,182) | 0 | 0 | 0 | 0 | 0 |
| Dividends paid to non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (951) | (951) |
| Balance at 30 June 2011 | 231,257 | (34,433) | 14,299 | (140,769) | 3,358 | 206,870 | 1,133 | 363 | 282,078 | 44,375 | 326,453 |

| 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 | Hedging reserve S\$'000 | Sub Total S\$'000 | Non- controlling interests S\$'000 | Total S\$'000 |
|--|--------------------------|----------------------------|--------------------------|--------------------------------|---|-----------------------------|------------------------------------|-------------------------------|-------------------------|---|------------------|
| Balance at 1 April 2010 | 230,975 | (34,983) | 12,836 | (103,141) | 3,358 | 198,508 | 1,133 | 0 | 308,686 | 48,869 | 357,555 |
| Total comprehensive income | 0 | 0 | 0 | (1,723) | 0 | 8,060 | 0 | (2,552) | 3,785 | 1,761 | 5,546 |
| Issue of shares | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 0 | 8 |
| Transfer to (from) reserves | 0 | 554 | 0 | 0 | 0 | (554) | 0 | 0 | 0 | 0 | 0 |
| Dividends paid to non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,021) | (1,021) |
| Effects of changes in shareholdings on non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 | 39 |
| Balance at 30 June 2010 | 230,983 | (34,429) | 12,836 | (104,864) | 3,358 | 206,014 | 1,133 | (2,552) | 312,479 | 49,648 | 362,127 |

| The Company | Share capital S\$'000 | Retained profits S\$'000 | Share option reserve S\$'000 | Translation reserve S\$'000 | Total S\$'000 |
|--------------------------------|----------------------------------|-------------------------------------|---|--|--------------------------|
| Balance at 1 April 2011 | 231,257 | 26,691 | 1,133 | 192 | 259,273 |
| Total comprehensive income | 0 | (1,241) | 0 | 86 | (1,155) |
| Balance at 30 June 2011 | 231,257 | 25,450 | 1,133 | 278 | 258,118 |
| Balance at 1 April 2010 | 230,975 | 28,408 | 1,133 | (2) | 260,514 |
| Total comprehensive income | 0 | 6,253 | 0 | (3) | 6,250 |
| Issue of shares | 8 | 0 | 0 | 0 | 8 |
| Balance at 30 June 2010 | 230,983 | 34,661 | 1,133 | (5) | 266,772 |

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 movements in the share capital of the Company from 31 March 2011 to 30 June 2011.

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 30.6.11 | As at 30.6.10 |
|-----------------------|---|----------------------|----------------------|
| 10 October 2010 | S\$1.60 | 0 | 517,000 |
| 4 August 2012 | S\$1.25 | 697,000 | 712,000 |
| 24 June 2013 | S\$2.50 | 1,981,000 | 1,981,000 |
| | | 2,678,000 | 3,210,000 |

As at 30 June 2011, the Company did not hold any of its issued shares as treasury shares (31 March 2011: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 | 30.6.11 | 31.3.11 |
|---|--------------------|--------------------|
| Total number of issued shares | 109,871,168 | 109,871,168 |
| Less: Treasury shares | — | — |
| Total number of issued shares excluding treasury shares | <u>109,871,168</u> | <u>109,871,168</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 2011, 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 2011, 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 2011.

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 2011 does not have a material financial effect on the Group and the Company.

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") | Q1 ended 30.6.11 | Q1 ended 30.6.10 |
|-----------------------------------|-----------------------------|-----------------------------|
| | Cents | Cents |
| (a) Basic | 1.96 | 7.35 |
| (b) Diluted | 1.96 | 7.33 |

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 | Q1 ended 30.6.11 | Q1 ended 30.6.10 |
|--|-----------------------------|-----------------------------|
| Weighted average number of ordinary shares used in calculating basic EPS | 109,871,168 | 109,693,355 |
| Adjustments for potentially dilutive ordinary shares | 835 | 285,484 |
| Weighted average number of ordinary shares used in calculating diluted EPS | 109,872,003 | 109,978,839 |

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 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 30.6.11 S\$ | 31.3.11 S\$ | 30.6.11 S\$ | 31.3.11 S\$ |
| Net asset value per ordinary share based on issued share capital at the end of the period | 2.57 | 2.61 | 2.35 | 2.36 |

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 2011 was S\$195.2 million, a decrease of 12% over the corresponding period last year. As Singapore dollar has strengthened against US dollar, this decrease in turnover when recorded in US dollars was about 1%. Sales in US dollar terms decreased by about 20% in the Americas, while sales in Asia increased by about 4%.

Profit before income tax for the three months ended 30 June 2011 was S\$5.8 million, as compared to S\$12.9 million over the same period last year. Gross profit margin was 20.9% as compared to 22.6%. Margins were lower mainly due to increased labour costs in China, appreciation of Renminbi and higher material prices.

Distribution expenses were S\$13.8 million, a decrease of 22% over the corresponding period last year. This was mainly due to reduction of promotion expenses as a result of focusing of marketing efforts in selected markets.

Finance costs were S\$1.8 million, a decrease of 15% over the corresponding period due to lower bank borrowings.

Share of results of associates was S\$0.1 million as compared to S\$2.2 million for the corresponding period last year. As an associate, Ningbo Fubang Battery Co Ltd, became a subsidiary in January 2011, its results were no longer accounted for under share of results of associates. The lower contributions from associates were also due to a slowdown in demand for notebook computer battery packs.

Prices for rare earth used in the production of Nickel Metal Hydride batteries took an unexpected jump of more than 100% during the quarter under review. In fact, the price of rare earth had increased by 8-fold at 30 June 2011 as compared to the price at 30 June 2010. This had a strong negative impact on the Group's material cost.

To offset cost increases, the Group has been aggressively adjusting prices, consolidating customer base and streamlining distribution channels worldwide. The Group believes its competitive position is still maintained as its competitors are faced with identical challenges.

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 year ended 31 March 2011 released on 24 May 2011.

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.

Business outlook remains uncertain with the current economic problems in the US and Europe. Cost increase in the near future seems to be unavoidable. Apart from cost reduction in the Group's operations, the biggest challenge will be passing on the cost increase to customers without alienating them.

The Group will continue to focus on core and emerging markets on the consumer side and new applications on the industrial side. Meanwhile, e-transportation will remain as one of the Group's top priorities.

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 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 first quarter ended 30 June 2011 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 August 2011