GP Batteries International Limited
(Incorporated in the Republic of Singapore)
Co. Reg. No. 199002111N

First Quarter Financial Statement For the Period Ended 30 June 2016

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

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income, 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 2016. These figures have not been audited.

	Note	Q1 ended 30 June 2016 S$'000	Q1 ended 30 June 2015 S$'000	Change %
Revenue		177,389	189,406	(6.3)
Cost of sales		(139,464)	(145,499)	(4.1)
Gross profit		37,925	43,907	(13.6)
Other operating income & expenses		2,916	11	n/m
Distribution expenses		(13,875)	(15,547)	(10.8)
Administrative expenses		(20,119)	(19,791)	1.7
Finance costs		(1,715)	(1,267)	35.4
Profit before share of results of associates		5,132	7,313	(29.8)
Share of results of associates		1,666	803	107.5
Profit before income tax	A	6,798	8,116	(16.2)
Income tax	B	(2,947)	(2,048)	43.9
Profit after income tax		3,851	6,068	(36.5)
Attributable to:				
Equity holders of the Company		1,235	2,833	(56.4)
Non-controlling interests		2,616	3,235	(19.1)
		3,851	6,068	(36.5)
Gross profit margin		21.4%	23.2%	

n/m denotes "not meaningful"

Statement of Comprehensive Income

The Group	Q1 ended 30 Jun 2016 S$'000	Q1 ended 30 Jun 2015 S$'000
Profit for the period	3,851	6,068
Other comprehensive income:		
Items that may be subsequently reclassified to Profit or Loss:		
Translation differences arising from consolidation of foreign operations	(8,348)	(7,220)
Fair value gain (loss) on available-for-sale financial assets	203	(425)
Other comprehensive loss for the period	(8,145)	(7,645)
Total comprehensive loss for the period	(4,294)	(1,577)
Total comprehensive loss for the period attributable to:		
Equity holders of the Company	(5,263)	(3,084)
Non-controlling interests	969	1,507
	(4,294)	(1,577)

Notes to the Income Statement	Q1 ended 30 Jun 2016 S$'000	Q1 ended 30 Jun 2015 S$'000
(A) Profit before taxation is arrived at after crediting (charging) the following:		
Depreciation	(4,319)	(5,395)
Foreign exchange gain (loss) [(i)]	1,981	(335)
Gain on disposal of property, plant and equipment, net [(i)]	61	20
Government grant [(i)]	409	400
Property, plant and equipment written off [(i)]	(117)	(142)
(B) Income tax is inclusive of:		
Over provision in respect of prior years' taxation	520	1,181

[(i)] Included in other operating income/other operating expenses in the consolidated statement of profit or loss

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.

	Note	The Group		The Company	
		30 Jun 2016	31 Mar 2016	30 Jun 2016	31 Mar 2016
		S$'000	S$'000	S$'000	S$'000
Non-current assets					
Investment property		1,653	1,672	0	0
Property, plant & equipment		189,357	194,039	1,092	1,142
Interest in subsidiaries		0	0	336,624	336,614
Interest in associates		47,544	46,329	16,382	16,382
Available-for-sales investments		5,995	5,777	0	0
Deferred tax assets		3,707	3,729	0	0
Goodwill on consolidation		11,578	11,548	0	0
Deposits and prepayments		5,122	3,095	4,321	3,046
Total non-current assets		264,956	266,189	358,419	357,184
Current assets					
Stocks		103,442	110,353	0	0
Debtors		130,779	123,485	92,185	100,048
Tax recoverable		983	754	0	0
Deposits and prepayments		10,796	10,904	1,054	1,985
Bank balances and cash		99,890	110,978	7,286	6,797
Total current assets		345,890	356,474	100,525	108,830
Current liabilities					
Creditors and accrued charges		148,042	143,653	103,412	100,410
Derivative financial instruments		331	497	0	0
Obligations under finance leases		107	113	0	0
Income tax payable		2,137	2,108	124	147
Bank loans and overdrafts		119,222	118,142	71,719	69,336
Total current liabilities		269,839	264,513	175,255	169,893
Net current assets (liabilities)		76,051	91,961	(74,730)	(61,063)
Non-current liabilities					
Bank loans		36,692	43,315	36,692	43,315
Obligations under finance leases		65	79	0	0
Deferred tax liabilities		2,349	2,208	0	0
Total non-current liabilities		39,106	45,602	36,692	43,315
Net assets		301,901	312,548	246,997	252,806
Represented by:					
Issued capital		257,400	257,400	257,400	257,400
Treasury shares	A	(6,088)	(6,084)	(6,088)	(6,084)
Reserves		(24,691)	(19,428)	(4,315)	1,490
Attributable to equity holders of the Company		226,621	231,888	246,997	252,806
Non-controlling interests		75,280	80,660	0	0
		301,901	312,548	246,997	252,806

Explanatory Notes to the Statement of Financial Position

(A) Treasury Shares

During the three months ended 30 June 2016, the Company purchased 5,000 issued shares via open market purchase. All such purchased shares were held as treasury shares as at 30 June 2016. There was no utilization of these treasury shares to date.

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

	As at 30 Jun 2016 S$'000	As at 31 Mar 2016 S$'000
Amount repayable in one year or less, or on demand		
Unsecured:		
Long term bank loans		
- scheduled repayments within 12 months	28,380	28,375
- not repayable within 12 months but contain a repayment on demand clause	1,888	2,825
Short term bank loans	63,698	62,060
Import and export loans	25,256	24,882
	119,222	118,142
Secured:		
Obligations under finance leases	107	113
Amount repayable after one year		
Unsecured:		
Long term bank loans	36,692	43,315
Secured:		
Obligations under finance leases	65	79

Details of any collateral

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

As at 30 Jun 2016		As at 31 Mar 2016	
The Group	The Company	The Group	The Company
S$200,000	S$NIL	S$234,000	S$NIL

Other comments to paragraph 1(b)(ii)

Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q1 30 Jun 2016 S$'000	Q1 30 Jun 2015 S$'000
Operating activities		
Profit before income tax	6,798	8,116
Adjustments for:		
Allowance for doubtful debts (trade)	33	46
Allowance for stock, net	445	135
Depreciation of property, plant and equipment	4,319	5,395
Finance costs	1,715	1,267
Interest income	(190)	(299)
Gain on disposal of property, plant and equipment, net	(61)	(20)
Property, plant and equipment written off	117	142
Realised loss on derivative financial instruments	0	61
Share of results of associates	(1,666)	(803)
Unrealised fair value (gain) loss on derivative financial instruments	(166)	80
Unrealised foreign exchange (gain) loss	(2,124)	335
Operating profit before working capital changes	9,220	14,455
Stocks	6,758	(6,404)
Debtors	(7,467)	(14,622)
Deposits and prepayments	(165)	(2,068)
Creditors and accrued charges	4,601	28,264
Cash generated from operations	12,947	19,625
Income tax (paid) refund	(2,530)	1,929
Net cash generated from operating activities	10,417	21,554

	Q1 30 Jun 2016 S$'000	Q1 30 Jun 2015 S$'000
Investing activities		
Deposits paid for purchase of property, plant and equipment	(1,737)	(408)
Dividends received from associates	93	0
Interest received	190	299
Proceeds on disposal of property, plant and equipment	501	39
Purchase of property, plant and equipment	(4,422)	(4,666)
Net cash used in investing activities	(5,375)	(4,736)
Financing activities		
Drawdown of term loan	0	4,710
Payment of front end fee	0	(2,125)
Repayment of term loans	(7,744)	(919)
Other short term bank loans obtained (paid)	1,834	(2,120)
Interest paid	(1,774)	(1,413)
Dividends paid to non-controlling interests	(6,349)	(6,524)
Non trade balances due from associates	(438)	(83)
Non trade balances due to associates	9	(88)
Purchase of treasury shares	(4)	(654)
Repayment of obligations under finance leases	(9)	(49)
Net cash used in financing activities	(14,475)	(9,265)
Net (decrease) increase in cash and cash equivalents	(9,433)	7,553
Cash and cash equivalents at beginning of period	110,978	81,042
Effect of exchange rate changes on the balance of cash held in foreign currencies	(1,655)	(1,887)
Cash and cash equivalents at end of period	99,890	86,708

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$'000	Treasury shares S$'000	Capital reserve S$'000	Legal reserve S$'000	Translation reserve S$'000	Property/ asset revaluation reserve S$'000	Retained profits S$'000	Fair value reserve S$'000	Sub Total S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 Apr 2016	257,400	(6,084)	(32,963)	22,174	(143,578)	3,358	130,860	721	231,888	80,660	312,548
Total comprehensive income:											
Profit for the year	0	0	0	0	0	0	1,235	0	1,235	2,616	3,851
Other comprehensive income for the period	0	0	0	0	(6,701)	0	0	203	(6,498)	(1,647)	(8,145)
Total	0	0	0	0	(6,701)	0	1,235	203	(5,263)	969	(4,294)
Transactions with owners, recognised directly in equity:											
Purchase of treasury shares	0	(4)	0	0	0	0	0	0	(4)	0	(4)
Dividends paid to non-controlling interests	0	0	0	0	0	0	0	0	0	(6,349)	(6,349)
Total	0	(4)	0	0	0	0	0	0	(4)	(6,349)	(6,353)
Transfer to (from) reserves	0	0	0	80	0	0	(80)	0	0	0	0
Balance at 30 Jun 2016	257,400	(6,088)	(32,963)	22,254	(150,279)	3,358	132,015	924	226,621	75,280	301,901

The Group	Share capital S$'000	Treasury shares S$'000	Capital reserve S$'000	Legal reserve S$'000	Translation reserve S$'000	Property/ asset revaluation reserve S$'000	Retained profits S$'000	Fair value reserve S$'000	Sub Total S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 Apr 2015	257,400	0	(32,963)	22,001	(123,147)	3,358	137,502	1,206	265,357	77,172	342,529
Total comprehensive income:											
Profit for the year	0	0	0	0	0	0	2,833	0	2,833	3,235	6,068
Other comprehensive income for the period	0	0	0	0	(5,492)	0	0	(425)	(5,917)	(1,728)	(7,645)
Total	0	0	0	0	(5,492)	0	2,833	(425)	(3,084)	1,507	(1,577)
Transactions with owners, recognised directly in equity:											
Purchase of treasury shares	0	(654)	0	0	0	0	0	0	(654)	0	(654)
Dividends paid to non-controlling interests	0	0	0	0	0	0	0	0	0	(6,524)	(6,524)
Total	0	(654)	0	0	0	0	0	0	(654)	(6,524)	(7,178)
Balance at 30 Jun 2015	257,400	(654)	(32,963)	22,001	(128,639)	3,358	140,335	781	261,619	72,155	333,774

The Company	Share capital S$'000	Treasury shares S$'000	Retained profits S$'000	Translation reserve S$'000	Total S$'000
Balance at 1 Apr 2016	257,400	(6,084)	3,962	(2,472)	252,806
Total comprehensive income					
Loss for the period	0	0	(5,611)	0	(5,611)
Other comprehensive income	0	0	0	(194)	(194)
	0	0	(5,611)	(194)	(5,805)
Transactions with owners, recognised directly in equity:					
Purchase of treasury shares	0	(4)	0	0	(4)
Balance at 30 Jun 2016	257,400	(6,088)	(1,649)	(2,666)	246,997

The Company	Share capital S$'000	Treasury shares S$'000	Retained profits S$'000	Translation reserve S$'000	Total S$'000
Balance at 1 Apr 2015	257,400	0	9,372	(4,432)	262,340
Total comprehensive income					
Loss for the period	0	0	(6,511)	0	(6,511)
Other comprehensive income	0	0	0	1,237	1,237
	0	0	(6,511)	1,237	(5,274)
Transactions with owners, recognised directly in equity:					
Purchase of treasury shares	0	(654)	0	0	(654)
Balance at 30 Jun 2015	257,400	(654)	2,861	(3,195)	256,412

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 was no change in the share capital of the Company from 31 March 2016 to 30 June 2016. There were no shares that may be issued on conversion of any outstanding convertibles as at 30 June 2016 and 30 June 2015.

As at 30 June 2016, the Company held 6,690,200 (30 June 2015: 699,200) of its issued shares as treasury shares.

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 Jun 2016**	**31 Mar 2016**
Total number of issued shares	164,806,752	164,806,752
Less: Number of treasury shares	(6,690,200)	(6,685,200)
Total number of issued shares excluding treasury shares	158,116,552	158,121,552

During the quarter ended 30 June 2016, the Company purchased 5,000 (30 June 2015: 699,200) issued shares via open market purchase and all these shares were held as treasury shares as at 30 June 2016.

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 2016, 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 2016, 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 2016.

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 commencing on 1 April 2016 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.

	Q1 ended 30 Jun 2016	**Q1 ended 30 Jun 2015**
Earnings per share ("EPS") in cents Basic & Diluted	0.78	1.72
Number of shares: Weighted average number of ordinary shares used in calculating basic & diluted EPS	158,116,827	164,708,784

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 Jun 2016	**31 Mar 2016**	**30 Jun 2016**	**31 Mar 2016**
Net asset value per ordinary share	S$1.43	S$1.47	S$1.56	S$1.60

Net asset value per ordinary share as at 30 June 2016 and 31 March 2016 were computed based on 158,116,552 and 158,121,552 ordinary shares respectively.

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 2016 was S$177.4 million, a decrease of 6.3% over the corresponding period last year. The overall market for primary batteries and nickel metal hydride batteries was slow-growing and competition was very keen. Sales of rechargeable batteries decreased by 14.3% and sales of primary batteries decreased by 3.7% as compared to the corresponding period last year. The rechargeable batteries' revenue drop was mainly due to the discontinuation of a contract with a customer of the Taiwan plant.

Sales in the Americas and Asia decreased by 43.0% and 3.8% respectively while sales in Europe increased by 29.3% for the three months ended 30 June 2016 over the corresponding period last year. The decrease in sales in the Americas and increase in sales in Europe were, to a large extent, due to the relocation of the procurement office of a customer from the USA to Europe.

Profit before income tax for the three months ended 30 June 2016 was S$6.8 million as compared to S$8.1 million over the corresponding period last year. Gross profit margin was 21.4% as compared to 23.2% over the corresponding period last year. The decrease in gross margin was mainly due to loss of income of our Taiwan plant which no longer manufactures proprietary Lithium-ion batteries for a customer. The Group has chosen to combine the two rechargeable lithium battery plants in Taiwan and Shenzhen into one bigger plant. The Shenzhen plant will be developed to become the center of excellence for lithium rechargeable batteries in the Group.

Distribution expenses for the three months ended 30 June 2016 were S$13.9 million as compared to S$15.5 million over the corresponding period last year mainly due to reduction in advertising and promotion expenses.

Finance costs for the three months ended 30 June 2016 was S$1.7 million as compared to S$1.3 million over the corresponding period last year mainly due to additional interest expenses incurred after the drawdown of the S$85 million three-year term loan facility in July 2015.

Share of profit of associates for the three months ended 30 June 2016 was S$1.7 million as compared to S$0.8 million over the corresponding period last year mainly due to improved performance of T.G. Battery, AZ Limited and STL Group.

Net other operating income for the three months ended 30 June 2016 was S$2.9 million as compared to S$ Nil over the corresponding period last year mainly due to a foreign exchange gain of S$2 million this year as compared to a foreign exchange loss of S$0.3 million last year.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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 economic outlook is mixed. Stabilized currency rates in Eastern Europe positively impact the Group's businesses. However, the impact of Brexit is still uncertain. The Group is focusing on developing new distribution channels and selected application segments to grow the business. The new plant construction in Vietnam is on schedule and will provide additional capacity of cylindrical carbon zinc products. Demand for the alkaline batteries manufactured in the Malaysian plant is expected to increase significantly. The Group is proceeding to establish a new plant in Malaysia to meet the increase in demand.

The Group will continue to invest in building its brand and expanding distribution networks in selected markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(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. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a shareholders' mandate for IPT.

14. Confirmation by the Board Pursuant to Rule 705(5)

We, Victor Lo Chung Wing 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 our 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 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Victor Lo Chung Wing
Chairman and Chief Executive Officer

Richard Ku Yuk Hing
Vice Chairman

10 August 2016