



GP Industries Limited
(Incorporated in the Republic of Singapore)
Co. Reg. No. 199502128C

Third Quarter Financial Statement for the Financial Period ended 31 December 2018

1(a) An income statement and 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 third quarter ("Q3") and the nine-month ("YTD") period ended 31 December 2018. These figures have not been audited.

	Notes	Q3 ended 31.12.18 S\$'000	Q3 ended 31.12.17 S\$'000	Change %	YTD 31.12.18 S\$'000	YTD 31.12.17 S\$'000	Change %
Revenue	a	295,287	267,805	10.3	890,249	837,200	6.3
Cost of sales		(211,615)	(206,239)	2.6	(664,828)	(637,022)	4.4
Gross profit	b	83,672	61,566	35.9	225,421	200,178	12.6
Other operating income	c	4,333	22,362	(80.6)	17,725	33,607	(47.3)
Distribution costs	d	(35,012)	(23,799)	47.1	(101,085)	(79,806)	26.7
Administrative expenses		(32,616)	(31,173)	4.6	(97,227)	(94,065)	3.4
Exchange (loss) gain	e	(10)	(2,171)	(99.5)	6,711	(6,640)	n/m
Other operating expenses	f	(897)	(2,253)	(60.2)	(3,421)	(5,037)	(32.1)
Profit before finance costs and share of results of associates		19,470	24,532	(20.6)	48,124	48,237	(0.2)
Finance costs	g	(6,996)	(4,460)	56.9	(19,452)	(12,023)	61.8
Share of results of associates	h	8,198	9,426	(13.0)	22,625	26,181	(13.6)
Profit before taxation	i	20,672	29,498	(29.9)	51,297	62,395	(17.8)
Income tax expense	j	(5,272)	(10,377)	(49.2)	(13,776)	(21,619)	(36.3)
Profit after taxation		15,400	19,121	(19.5)	37,521	40,776	(8.0)
Attributable to:							
Equity holders of the Company		12,783	17,695	(27.8)	26,825	30,231	(11.3)
Non-controlling interests		2,617	1,426	83.5	10,696	10,545	1.4
		15,400	19,121	(19.5)	37,521	40,776	(8.0)

n/m - not meaningful

(Note a) Increase in revenue for Q3 was due mainly to a 30.0% increase in revenue of the electronics and acoustics business and a 5.9% increase in revenue of the batteries business.

(Note b) Increase in gross profit for Q3 was due partly to the 10.3% increase in revenue, and partly to improvement in gross profit margin due to lower material costs and depreciation of Chinese Renminbi ("RMB") against United States dollar ("US dollar").

(Note c) Other operating income comprised:

	Q3 ended 31.12.18 S\$'000	Q3 ended 31.12.17 S\$'000	YTD 31.12.18 S\$'000	YTD 31.12.17 S\$'000
Product development and engineering fee income	3	241	196	645
Interest income	469	255	1,452	878
Gain on disposal of property, plant and equipment ⁽¹⁾	46	17,215	791	22,991
Tooling income	279	615	601	1,013
Government grant	2,713	1,151	4,311	2,880
Compensation income ⁽²⁾	-	-	7,940	-
Write-back of excess provision for expenses	-	-	-	1,180
Realised gain on derivative financial instruments	-	183	-	251
Others	823	2,702	2,434	3,769
	4,333	22,362	17,725	33,607

⁽¹⁾ Gain for Q3 and the YTD period ended 31 December 2017 comprised mainly gain from disposal of a property located in Dongguan, The People's Republic of China ("PRC").

⁽²⁾ Being compensation income for damages done to a property of a subsidiary.

(Note d) Increase in distribution costs was due partly to increase in revenue, partly to increase in expenditure for the Group's brand building activities, partly to increase in sales on DDP (Delivered Duty Paid) Incoterms and partly to increase in costs for maintenance of vendor maintained inventory for customers. In addition, there was a net write-back of doubtful trade debt provision of S\$1.2 million and S\$3.5 million in Q3 and the YTD period ended 31 December 2017 respectively.

(Note e) A net exchange gain was reported for the YTD period ended 31 December 2018 due mainly to the depreciation of RMB against US dollar.

(Note f) Other operating expenses comprised:

	Q3 ended 31.12.18 S\$'000	Q3 ended 31.12.17 S\$'000	YTD 31.12.18 S\$'000	YTD 31.12.17 S\$'000
Property, plant and equipment written-off	95	77	277	341
Bank charges	256	417	1,018	1,370
Realised loss on derivative financial instruments	427	-	629	-
Closure and relocation costs ⁽¹⁾	-	-	1,166	-
Allowance for impairment loss on property, plant and equipment	-	-	-	1,415
Transactional costs incurred for the Offer ⁽²⁾	-	1,571	-	1,571
Others	119	188	331	340
	897	2,253	3,421	5,037

⁽¹⁾ Relates to closure and relocation of the Group's logistics and distribution center in Shenzhen, PRC.

⁽²⁾ Being transactional costs incurred during Q3 ended 31 December 2017 for the voluntary conditional cash offer for, and the consequential compulsory acquisition of, all the issued ordinary shares of GP Batteries International Limited ("GP Batteries Shares"), other than the GP Batteries Shares already owned by the Company (the "Offer").

(Note g) Increase in finance costs was due mainly to increase in the Group's gross bank borrowings and increase in interest rates.

(Note h) Decrease in share of results of associates for the YTD period was due to lower profit contributed by Linkz Industries Limited ("Linkz") and Meiloon Industrial Co., Ltd. Decrease in share of results of associates for Q3 was due to lower profit contributed by Linkz.

(Note i) Profit before taxation was arrived at after crediting (charging) the following:

	Q3 ended 31.12.18 S\$'000	Q3 ended 31.12.17 S\$'000	YTD 31.12.18 S\$'000	YTD 31.12.17 S\$'000
Depreciation and amortisation	(6,554)	(6,651)	(20,188)	(19,091)
(Allowance for and write-off of) Write-back of bad debt, net	(103)	1,877	(52)	4,180
Write-back of (Allowance for and write-off of) inventory obsolescence, net	340	44	(781)	(1,013)

(Note j) There was no significant adjustment for under- or over-provision of income tax expense in respect of prior years for the YTD period this year except for an over-provision of approximately S\$2,128,000 (2017: S\$123,000).

Group statement of comprehensive income for Q3 and the YTD period ended 31 December 2018.

	Notes	Q3 ended 31.12.18 S\$'000	Q3 ended 31.12.17 S\$'000	YTD 31.12.18 S\$'000	YTD 31.12.17 S\$'000
Profit after taxation for the financial period		15,400	19,121	37,521	40,776
Other comprehensive income (loss):					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on financial assets at fair value through other comprehensive income		(641)	-	(1,896)	-
Share of other comprehensive income of associates		-	-	1	-
Items that may be reclassified subsequently to profit or loss:					
Exchange translation (deficit) surplus		(1,134)	1,985	(17,963)	5,059
Net change in fair value of cash flow hedges		(503)	-	(581)	-
Net change in fair value of cash flow hedges reclassified to profit or loss		58	-	58	-
Fair value gain on available-for-sale financial assets		-	-	-	8
Share of other comprehensive loss of associates	k	(824)	(793)	(3,799)	(3,820)
Other comprehensive (loss) income for the financial period, net of tax		(3,044)	1,192	(24,180)	1,247
Total comprehensive income for the financial period		12,356	20,313	13,341	42,023
Attributable to:					
Equity holders of the Company		9,828	17,986	5,960	28,722
Non-controlling interests		2,528	2,327	7,381	13,301
		12,356	20,313	13,341	42,023

(Note k) Share of other comprehensive loss of associates comprised exchange translation deficit.

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	Notes	Group		Company	
		31.12.18 S\$'000	31.03.18 S\$'000	31.12.18 S\$'000	31.03.18 S\$'000
Non-current Assets					
Property, plant and equipment	a	256,040	291,119	78	114
Interest in subsidiaries		-	-	422,342	422,342
Interest in associates		257,125	244,589	29,031	29,031
Financial assets at fair value through other comprehensive income / Available-for-sale financial assets	b	8,281	9,783	-	-
Non-current receivables	c	-	-	38,400	-
Deferred tax assets		3,986	3,660	-	-
Deposits and prepayments		1,217	1,627	-	-
Intangible assets		17,378	16,913	-	-
		544,027	567,691	489,851	451,487
Current Assets					
Inventories		198,600	182,417	-	-
Receivables and prepayments	d	250,636	200,251	21,745	3,787
Dividend receivable		-	4,771	17,523	21,211
Taxation recoverable		3,275	5,779	-	-
Derivative financial instruments		-	243	-	-
Available-for-sale financial assets	e	-	4,170	-	-
Bank balances, deposits and cash	f	214,860	194,161	6,753	10,270
		667,371	591,792	46,021	35,268
Assets classified as held for sale	g	38,606	9,326	-	-
		705,977	601,118	46,021	35,268
Current Liabilities					
Trade and other payables	h	308,510	263,987	23,065	4,124
Obligations under finance leases		277	40	-	-
Income tax payable		7,629	4,570	893	738
Bank and other loans	i	278,238	299,769	74,496	73,304
Notes	j	-	19,892	-	-
		594,654	588,258	98,454	78,166
Net Current Assets (Liabilities)		111,323	12,860	(52,433)	(42,898)
Non-current Liabilities					
Bank and other loans	i	199,831	116,702	146,883	104,959
Obligations under finance leases		623	63	-	-
Derivative financial instruments		523	-	523	-
Deferred tax liabilities		3,244	3,429	-	-
		204,221	120,194	147,406	104,959
Net Assets		451,129	460,357	290,012	303,630
Represented by:					
Issued capital		286,307	286,307	286,307	286,307
Treasury shares		(20,862)	(20,585)	(20,862)	(20,585)
Reserves		102,371	111,014	24,567	37,908
Equity attributable to equity holders of the Company		367,816	376,736	290,012	303,630
Non-controlling interests		83,313	83,621	-	-
Total Equity		451,129	460,357	290,012	303,630

- (Note a) Decrease in the Group's property, plant and equipment was due mainly to the reclassification of (i) land and buildings with a net book value of S\$26.3 million located in Huizhou, PRC; and (ii) land and buildings with a net book value of S\$8.9 million located in Ningbo, PRC, to assets classified as held for sale ("AHFS") during the YTD period ended 31 December 2018. The Group has entered into conditional agreements to dispose of such properties during the financial quarter ended 30 June 2018.
- (Note b) Upon adoption of Singapore Financial Reporting Standards (International) effective 1 April 2018, available-for-sale-financial assets as at 31 March 2018 have been re-designated as financial assets at fair value through other comprehensive income.
- (Note c) During the financial quarter ended 30 June 2018, the Company granted a S\$60.0 million interest bearing loan to a subsidiary, which is receivable over a period of three years. Non-current receivables represent the amount of the loan receivable from the subsidiary after one year from the date of the statement of financial position.
- (Note d) Increase in the Group's receivables and prepayments was due mainly to increase in trade receivables as a result of higher revenue for Q3 ended 31 December 2018 compared to that for the financial quarter ended 31 March 2018. In addition, the increase was due partly to prepayments relating to the new manufacturing facilities in Ningbo, PRC, which is under construction.
- Included in the Company's receivables and prepayments as at 31 December 2018 is the current portion of the loan to a subsidiary (note c), amounted to S\$14.4 million.
- (Note e) Structured deposit placed with a bank in PRC as at 31 March 2018 was uplifted during the YTD period ended 31 December 2018.
- (Note f) Increase in the Group's bank balances, deposits and cash was due partly to deposits received from the proposed disposal of AHFS (note h).
- (Note g) The net increase in AHFS during the YTD period ended 31 December 2018 was due mainly to the net effect of (i) reclassification of certain properties from property, plant and equipment to AHFS (note a); and (ii) the disposal of AHFS located in Taiwan.
- (Note h) Increase in the Group's trade and other payables was due mainly to net increase in deposits amounted to S\$35.1 million received from the proposed disposal of AHFS.
- Increase in the Company's trade and other payables was due mainly to advance received from a subsidiary.
- (Note i) Increase in the Group's total borrowings was due mainly to the net effect of (i) drawdown of term loans amounted to approximately S\$241.0 million; and (ii) repayment of existing term loans and short-term borrowings amounted to approximately S\$182.7 million.
- Increase in the Company's total borrowings was due mainly to the net effect of (i) drawdown of term loans amounted to approximately S\$175.0 million; and (ii) repayment of existing term loans and short-term borrowings amounted to approximately S\$132.5 million.
- (Note j) The notes were fully redeemed during the YTD period ended 31 December 2018.
- (Note k) During Q3 ended 31 December 2018, the Company purchased 417,100 issued shares via open market purchase and the shares so purchased were kept as treasury shares as at 31 December 2018.

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

As at	31.12.18 S\$'000	31.03.18 S\$'000
Amount repayable in one year or less, or on demand:		
Secured	277	40
Unsecured	278,238	319,661
	278,515	319,701
Amount repayable after one year:		
Secured	623	63
Unsecured	199,831	116,702
	200,454	116,765

Details of any collateral

As at	31.12.18 S\$'000	31.03.18 S\$'000
Net book value of property, plant and equipment held under finance leases:		
(i) Motor vehicles	610	146
(i) Machinery and equipment	423	-

Other comments to paragraph 1(b)(ii)

As at 31 December 2018, bank balances, deposits and cash of the Group amounted to S\$214,860,000 (31 March 2018: S\$194,161,000), resulting in net borrowings of S\$264,109,000 (31 March 2018: S\$242,305,000).

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

	Q3 ended 31.12.18 S\$'000	Q3 ended 31.12.17 S\$'000
Operating activities		
Profit before taxation	20,672	29,498
Adjustments for:		
Share of results of associates	(8,198)	(9,426)
Depreciation of property, plant and equipment	6,471	6,569
Amortisation of intangible assets	83	82
Finance costs	6,996	4,460
Interest income	(469)	(255)
Loss (Gain) on disposal and write-off of property, plant and equipment, net / assets classified as held for sale	49	(17,138)
Write-back of inventory obsolescence, net	(340)	(44)
Allowance for and write-off of (Write-back of) bad debt, net	103	(1,195)
Utilisation of prepaid rent	268	-
Realised loss (gain) on derivative financial instruments	427	(183)
Unrealised exchange loss (gain)	9,451	(9)
Operating cash flows before movements in working capital	35,513	12,359
Inventories	(10,299)	(11,416)
Receivables and prepayments	1,424	20,552
Trade and other payables	(13,396)	16,383
Amount due from and to ultimate holding company	-	1,087
Cash generated from operations	13,242	38,965
Income tax paid	(1,414)	(3,381)
Finance costs paid	(5,776)	(3,581)
Interest received	470	255
Net cash generated from operating activities	6,522	32,258
Investing activities		
Purchase of property, plant and equipment	(11,967)	(7,354)
Deposits received for sale of assets classified as held for sale or property, plant and equipment, net of refund	4,135	16,492
Deposits for purchase of property, plant and equipment	107	(354)
Dividends received from associates	1,212	1,180
Proceeds from disposal of property, plant and equipment / assets classified as held for sale	196	11,312
Proceeds from capital reduction of an associate	-	3,695
Cash transferred from an escrow account	-	21,720
Net cash (used in) generated from investing activities	(6,317)	46,691

	Q3 ended 31.12.18 S\$'000	Q3 ended 31.12.17 S\$'000
Financing Activities		
Drawdown of long-term bank and other loans	170	62,731
Repayment of long-term bank and other loans	(18,183)	(18,762)
Drawdown of short-term bank loans, net	31,359	16,395
Obligation under finance leases	(49)	(32)
Dividend paid	(6,055)	(6,056)
Purchase of treasury shares	(277)	-
Issue of notes	-	7,091
Dividend paid to non-controlling interests	-	(186)
Acquisition of additional interest in subsidiaries	-	(75,449)
Net cash generated from (used in) financing activities	6,965	(14,268)
Net increase in cash and cash equivalents	7,170	64,681
Cash and cash equivalents at beginning of financial period	216,922	156,571
Effects of exchange rate changes on the balance of cash held in foreign currencies	(9,232)	871
Cash and cash equivalents at end of financial period	214,860	222,123
Cash and cash equivalents at end of financial period comprised:		
Bank balances, deposits and cash	214,860	222,123

1(d)(i) A statement (for the issuer and the group) of changes in equity together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company												Non-controlling interests S\$'000	Total equity S\$'000
	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Legal reserve S\$'000	Capital reserve on consolidation S\$'000	Exchange translation reserve S\$'000	Fair value reserve S\$'000	Share-based payment reserve S\$'000	Property revaluation reserve S\$'000	Hedging reserve S\$'000	Retained profits S\$'000	Total S\$'000		
Group														
Balance at 01.10.18	286,307	(20,585)	5,868	17,043	31,366	(116,762)	(1,255)	1,467	596	(78)	160,262	364,229	80,785	445,014
Total comprehensive income (loss)														
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	12,783	12,783	2,617	15,400
Other comprehensive loss for the financial period	-	-	-	-	-	(1,869)	(641)	-	-	(445)	-	(2,955)	(89)	(3,044)
Total comprehensive (loss) income for the financial period	-	-	-	-	-	(1,869)	(641)	-	-	(445)	12,783	9,828	2,528	12,356
Share of change in net assets of associates other than other comprehensive income	-	-	-	-	-	-	-	91	-	-	-	91	-	91
Transactions with owners, recognised directly in equity														
Contributions by and distributions to owners:														
Purchase of treasury shares	-	(277)	-	-	-	-	-	-	-	-	-	(277)	-	(277)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(6,055)	(6,055)	-	(6,055)
Total transactions with owners	-	(277)	-	-	-	-	-	-	-	-	(6,055)	(6,332)	-	(6,332)
Transfer to reserve	-	-	-	336	-	-	-	-	-	-	(336)	-	-	-
Balance at 31.12.18	286,307	(20,862)	5,868	17,379	31,366	(118,631)	(1,896)	1,558	596	(523)	166,654	367,816	83,313	451,129

	Attributable to equity holders of the Company											Non-controlling interests S\$'000	Total equity S\$'000
	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Legal reserve S\$'000	Capital reserve on consolidation S\$'000	Exchange translation reserve S\$'000	Available-for-sale financial assets reserve S\$'000	Share-based payment reserve S\$'000	Property revaluation reserve S\$'000	Retained profits S\$'000	Total S\$'000		
Group													
Balance at 01.10.17	286,307	(20,585)	3,132	16,453	22,617	(107,276)	550	1,467	596	142,683	345,944	167,931	513,875
Total comprehensive income (loss)													
Profit for the financial period	-	-	-	-	-	-	-	-	-	17,695	17,695	1,426	19,121
Other comprehensive income for the financial period	-	-	-	-	-	291	-	-	-	-	291	901	1,192
Total comprehensive income for the financial period	-	-	-	-	-	291	-	-	-	17,695	17,986	2,327	20,313
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners:													
Dividends paid	-	-	-	-	-	-	-	-	-	(6,056)	(6,056)	(186)	(6,242)
Changes in ownership interests in subsidiaries:													
Acquisition of additional interest in subsidiaries	-	-	-	-	10,563	-	-	-	-	-	10,563	(85,988)	(75,425)
Total transactions with owners	-	-	-	-	10,563	-	-	-	-	(6,056)	4,507	(86,174)	(81,667)
Transfer to reserve	-	-	-	114	-	-	-	-	-	(114)	-	-	-
Balance at 31.12.17	286,307	(20,585)	3,132	16,567	33,180	(106,985)	550	1,467	596	154,208	368,437	84,084	452,521

	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Hedging reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
Company						
Balance at 01.10.18	286,307	(20,585)	614	(78)	25,300	291,558
Total comprehensive income (loss)						
Profit for the financial period	-	-	-	-	5,231	5,231
Other comprehensive loss for the financial period	-	-	-	(445)	-	(445)
Total comprehensive (loss) income for the financial period	-	-	-	(445)	5,231	4,786
Transactions with owners, recognised directly in equity						
Purchase of treasury shares	-	(277)	-	-	-	(277)
Dividend paid	-	-	-	-	(6,055)	(6,055)
Total transactions with owners	-	(277)	-	-	(6,055)	(6,332)
Balance at 31.12.18	286,307	(20,862)	614	(523)	24,476	290,012
Balance at 01.10.17	286,307	(20,585)	614	-	35,574	301,910
Loss and total comprehensive loss for the financial period	-	-	-	-	(3,409)	(3,409)
Transactions with owners, recognised directly in equity						
Dividend paid	-	-	-	-	(6,056)	(6,056)
Balance at 31.12.17	286,307	(20,585)	614	-	26,109	292,445

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 Company's issued capital during the period from 30 September 2018 to 31 December 2018.

There were no shares that may be issued on conversion of any outstanding convertibles as at 31 December 2018 and 2017.

As at	31.12.18	31.12.17
Treasury shares held	37,306,400	36,889,300
Subsidiary holdings held	-	-
	37,306,400	36,889,300
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares excluding treasury shares and subsidiary holdings	7.71%	7.61%

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	31.12.18	31.03.18
Total number of issued shares	521,358,482	521,358,482
Less: treasury shares	(37,306,400)	(36,889,300)
Total number of issued shares excluding treasury shares	484,052,082	484,469,182

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

As at 31 December 2018, there were no sales, transfers, cancellation and/or use of treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

As at 31 December 2018, there were no sales, transfers, cancellation and/or use of subsidiary holdings.

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.

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.

With effect from 1 April 2018, the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") in preparing its financial statements. The Group's audited financial statements for its financial year ended 31 March 2018 were prepared using Singapore Financial Reporting Standards.

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.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening statement of financial position under SFRS(I) has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I)s.

(a) Application of SFRS(I) 1

The application of SFRS(I) 1 did not result in any adjustments to the comparative financial statements set out in this results announcement.

(b) Adoption of SFRS(I)

The adoption of SFRS(I)s, amendments to SFRS(I)s and SFRS(I)s interpretations did not have a material financial impact on the Group and the Company except for the adoption of SFRS(I) 9 *Financial Instruments* as discussed below.

The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempt the Group from applying SFRS(I) 9 to comparative information. The effect of adoption of SFRS(I) 9 on the Group is as follows:

- (i) The Group has elected to measure its investment in quoted equity shares at fair value through other comprehensive income ("FVTOCI") under SFRS(I) 9. Accordingly, the reserve surplus of S\$4,642,000, which was presented as available-for-sale financial assets reserve surplus as at 31 March 2018 prior to the adoption of SFRS(I) 9, and subsequent fair value gains or losses will not be reclassified to profit or loss upon disposal of the investment.
- (ii) The Group has elected to measure its investment in unquoted equity shares carried at cost less impairment at FVTOCI under SFRS(I) 9 and the Group will measure these investments at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the fair value reserve.

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")	Q3 ended 31.12.18 Singapore cents	Q3 ended 31.12.17 Singapore cents	YTD 31.12.18 Singapore cents	YTD 31.12.17 Singapore cents
Basic EPS	2.64	3.65	5.54	6.24
Diluted EPS	2.64	3.65	5.54	6.24

Basic EPS is computed based on the weighted average number of shares in issue during the financial period. The weighted average number of ordinary shares represents the number of ordinary shares in issue at the beginning of the financial period, adjusted for new ordinary shares issued during the financial period multiplied by a time-weighted factor. The adjustments to the weighted average number of shares for computing diluted EPS are as follows:

	Q3 ended 31.12.18	Q3 ended 31.12.17	YTD 31.12.18	YTD 31.12.17
Weighted average number of ordinary shares used in calculating basic EPS	484,301,560	484,469,182	484,413,105	484,469,182
Adjustment for dilutive potential ordinary shares	-	-	-	-
Weighted average number of ordinary shares used in calculating diluted EPS	484,301,560	484,469,182	484,413,105	484,469,182

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.

As at	Group		Company	
	31.12.18 Singapore cents	31.03.18 Singapore cents	31.12.18 Singapore cents	31.03.18 Singapore cents
Net asset value per ordinary share based on 484,052,082 issued shares excluding treasury shares as at 31 December 2018 (31 March 2018: 484,469,182)	75.99	77.76	59.91	62.67

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.

Review of Results

The Group's revenue for the 9-month period which ended on 31 December 2018 ("YTDFY2019") was S\$890.2 million, an increase of 6.3% over the revenue reported for the 9-month period ended on 31 December 2017 ("YTDFY2018"). The increase was mainly attributable to revenue growth reported by both the *Electronics and Acoustics Business* and the *Batteries Business*.

With softening global economy and the trade friction between China and the USA, the Chinese Renminbi against the US dollar exchange rate and the prices of certain raw materials reversed their appreciation trend. This contributed to improve the Group's gross profit margin from 23.9% for YTDFY2018 to 25.3% for YTDFY2019. In addition, strong sales carrying higher gross profit margin reported by the branded acoustics businesses during the financial quarter ended 31 December 2018 ("Q3FY2019") helped to improve the Group's gross profit margin, from the 23.0% reported for the financial quarter ended in 31 December 2017 to 28.3% for Q3FY2019. Increase in sales and higher level of investment in brand building activities contributed to an increase in distribution costs. The strengthening of the US dollar against the Chinese Renminbi since the latter part of the financial quarter ended 30 June 2018 contributed to a net exchange gain of S\$6.7 million for YTDFY2019, compared with a net exchange loss of S\$6.6 million for YTDFY2018.

Other operating income decreased from S\$33.6 million for YTDFY2018 to S\$17.7 million for YTDFY2019. In YTDFY2019, the Group reported extraordinary income mainly from the compensation income of S\$7.9 million for damages caused by third parties to a property of the 70% owned subsidiary, Zhongyin (Ningbo) Battery Co Ltd, whereas in YTDFY2018, other operating income included gain from disposal of property, plant and equipment of S\$23.0 million.

Profit after taxation attributable to equity holders for YTDFY2019 decreased by 11.3% to S\$26.8 million when compared to the S\$30.2 million reported for YTDFY2018.

Based on the weighted average of 484,413,105 shares in issue (YTDFY2018: 484,469,182 shares), basic earnings per share for YTDFY2019 was 5.54 Singapore cents as compared to 6.24 Singapore cents for YTDFY2018.

Business Review

Battery Business - The revenue of the *Batteries Business* for YTDFY2019 was S\$667.0 million, a 6.3% increase over the revenue for YTDFY2018. Sales of primary batteries increased by 10.3% while sales of rechargeable batteries decreased by 11.4%. In geographical terms, sales in the Americas, Europe and Asia increased by 2.2%, 13.3% and 4.5% respectively.

Softened raw material prices and more favorable exchange rates contributed to improve the gross profit margin of Q3FY2019 when compared to that reported in the three preceding financial quarters.

Electronics and Acoustics Business - Revenue from the *Electronics and Acoustics Business* in YTDFY2019 increased by 9.5% compared to YTDFY2018. Sales of electronics products increased by 7.5% while sales of acoustics products grew by 11.6%. New KEF wireless speakers launched during YTDFY2019 were well received by the market. Sales of acoustics products increased by 23.2% in the US market, 3.9% in the Asian markets, and 6.7% in the European market. The associated companies which manufacture parts and components contributed more profit in aggregate from higher revenue.

Automotive Wire Harness Business - Sales of the *Automotive Wire Harness Business* in YTDFY2019 decreased by 8.1% when compared to YTDFY2018. Sales to the US market increased by 5.6% due mainly to the increased demand for new products before US trade tariff for automotive parts made in China was imposed. Sales to China decreased by 24.0% due mainly to the softening of the passenger car market in China.

Other Industrial Investments - This business segment includes the Group's investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In YTDFY2019, Linkz reported revenue growth but profit contribution decreased due partly to the profit shared by the non-controlling interests of a subsidiary which was listed on the Stock Exchange of Hong Kong Limited in February 2018, and partly to exchange losses and increase in finance cost. Revenue of Meiloon decreased and contributed less profit.

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 trade dispute between the USA and China casts significant uncertainties on business outlook. The softening global economic growth may also affect the demand for some of the Group's products. Based on the latest announced US import tariff scheme, slightly less than 10.0% of the Group's businesses is affected. The Group's battery products, automotive wire harnesses and some speaker products made in China are subjected to import tariffs imposed by the US. The Group is working with its customers in the US on the best response to the increased import cost. The Group is also rapidly expanding the capacity of its manufacturing facilities in Malaysia and Vietnam to take up more of the Group's US export businesses so as to minimize the impact of US import tariffs on the Group's products.

Volatile currency exchange rates may also affect the Group's results. A weakened Chinese Renminbi is generally favorable to the Group's export-oriented businesses from China. Volatility in certain raw material prices may continue to affect the Group's profit margin. However, the global shortage of some electronic components started to show signs of easing recently.

The Group will continue to enhance the competitiveness of its businesses by investing in technology, new product development, further automating its factories and continue to build the Group's brands and distribution networks in key 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.

(e) Other comments relating to Dividend

Not applicable.

12. If no dividend has been declared/recommendedd, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommendedd for the financial period ended 31 December 2018. It is the Company's practice to declare/recommend dividend, if any, on a half-yearly basis.

13. Interested person transactions

Pursuant to the shareholders' mandate on interested person transactions approved by the shareholders at the Annual General Meeting held on 30 July 2018, the interested person transactions entered into by the Group during the financial period ended 31 December 2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 during the financial period under review (excluding transactions less than S\$100,000)	
	YTD 31.12.18 S\$'000	YTD 31.12.17 S\$'000	YTD 31.12.18 S\$'000	YTD 31.12.17 S\$'000
Sales:				
Light Engine Ltd	-	-	31	113
Huizhou Light Engine Limited	-	-	40	-
Gold Peak Industries (Holdings) Limited	-	-	-	37
Acquisition of GP Batteries Shares pursuant to the Offer ⁽¹⁾:				
Victor Lo Chung Wing	-	390	-	-
Paul Lo Chung Wai	-	156	-	-
Grace Lo Kit Yee	-	98	-	-

⁽¹⁾ During Q3 ended 31 December 2017, pursuant to the Offer, the Company acquired GP Batteries Shares at the offer price of S\$1.30 per GP Batteries Share from the shareholders of GP Batteries, including Mr Victor Lo Chung Wing, an interested person, and his associates.

14. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Victor Lo Chung Wing and Brian Li Yiu Cheung, being two directors of GP Industries 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 unaudited financial statements for the financial period ended 31 December 2018 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

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

Brian Li Yiu Cheung
Executive Vice President

1 February 2019