



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

First Quarter Financial Statement for the Financial Quarter ended 30 June 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 first quarter ("Q1") ended 30 June 2018. These figures have not been audited.

	Notes	Q1 ended 30.06.18 S\$'000	Q1 ended 30.06.17 S\$'000	Change %
Revenue		287,025	274,801	4.4
Cost of sales		(224,365)	(205,361)	9.3
Gross profit		62,660	69,440	(9.8)
Other operating income	a	12,024	2,207	444.8
Distribution costs	b	(32,006)	(27,582)	16.0
Administrative expenses		(31,816)	(31,701)	0.4
Exchange gain (loss)	c	4,069	(1,636)	n/m
Other operating expenses		(732)	(765)	(4.3)
Profit before finance costs and share of results of associates		14,199	9,963	42.5
Finance costs	d	(5,727)	(3,643)	57.2
Share of results of associates	e	7,291	8,129	(10.3)
Profit before taxation	f	15,763	14,449	9.1
Income tax expense	g	(3,952)	(5,137)	(23.1)
Profit after taxation		11,811	9,312	26.8
Attributable to:				
Equity holders of the Company		7,189	5,414	32.8
Non-controlling interests		4,622	3,898	18.6
		11,811	9,312	26.8

n/m - not meaningful

- (Note a) Increase in other operating income was due partly to compensation income of approximately S\$7.9 million for damages done to certain property of a subsidiary reported in Q1 ended 30 June 2018 and partly to increase in gain from disposal of property, plant and equipment and assets classified as held for sale, government grant and interest income.
- (Note b) Increase in distribution costs was due partly to increase in revenue, partly to increase in expenditure for the Group's brand building activities and partly to costs for maintenance of vendor maintained inventory for customers.
- (Note c) A net exchange gain was reported for Q1 ended 30 June 2018 due mainly to the depreciation of Singapore dollar and Renminbi against United States dollar. A net exchange loss was reported for Q1 ended 30 June 2017 due mainly to the appreciation of Singapore dollar and Renminbi against United States dollar.
- (Note d) Increase in finance costs was due mainly to increase in the Group's gross bank borrowings and increase in interest rates.
- (Note e) Except for the associates of the electronics business, contributions from other associates decreased.
- (Note f) Profit before taxation was arrived at after crediting (charging) the following:

	Q1 ended 30.06.18 S\$'000	Q1 ended 30.06.17 S\$'000
Depreciation and amortisation	(6,831)	(5,970)
Write-back of (Allowance for and write-off of) bad debt, net	286	(55)
Allowance for and write-off of inventory obsolescence, net	(802)	(453)
Interest income ⁽¹⁾	482	343
Gain on disposal of property, plant and equipment and assets classified as held for sale ⁽¹⁾	990	87
Property, plant and equipment written off ⁽²⁾	(17)	(259)

⁽¹⁾ Reported under other operating income.

⁽²⁾ Reported under other operating expenses.

- (Note g) There was no significant adjustment for under- or over-provision of income tax expense in respect of prior years for Q1 this year except for an over-provision of approximately S\$1,381,000 (2017: S\$48,000).

Group statement of comprehensive income for Q1 ended 30 June 2018.

	Notes	Q1 ended 30.06.18 S\$'000	Q1 ended 30.06.17 S\$'000
Profit after taxation for the financial period		11,811	9,312
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		(621)	-
Share of other comprehensive income of associates		1	-
Items that may be reclassified subsequently to profit or loss:			
Exchange translation (deficit) surplus		(4,297)	1,020
Share of other comprehensive income (loss) of associates	h	134	(2,628)
Other comprehensive loss for the financial period, net of tax		(4,783)	(1,608)
Total comprehensive income for the financial period		7,028	7,704
Attributable to:			
Equity holders of the Company		3,047	3,496
Non-controlling interests		3,981	4,208
		7,028	7,704

(Note h) Share of other comprehensive income (loss) of associates comprised exchange translation surplus (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	
		30.06.18 S\$'000	31.03.18 S\$'000	30.06.18 S\$'000	31.03.18 S\$'000
Non-current Assets					
Property, plant and equipment	a	258,904	291,119	99	114
Interest in subsidiaries		-	-	422,342	422,342
Interest in associates		249,560	244,589	29,031	29,031
Financial assets at fair value through other comprehensive income / Available-for-sale financial assets	b	9,528	9,783	-	-
Non-current receivables	c	-	-	45,600	-
Deferred tax assets		3,692	3,660	-	-
Deposits and prepayments		1,221	1,627	-	-
Intangible assets		17,490	16,913	-	-
		540,395	567,691	497,072	451,487
Current Assets					
Inventories		189,634	182,417	-	-
Receivables and prepayments	d	234,485	200,251	23,090	3,787
Dividend receivable		3,510	4,771	18,738	21,211
Taxation recoverable		5,482	5,779	-	-
Derivative financial instruments		-	243	-	-
Available-for-sale financial assets	e	-	4,170	-	-
Bank balances, deposits and cash	f	248,907	194,161	31,615	10,270
		682,018	591,792	73,443	35,268
Assets classified as held for sale	g	38,924	9,326	-	-
		720,942	601,118	73,443	35,268
Current Liabilities					
Trade and other payables	h	283,964	263,987	22,243	4,124
Obligations under finance leases		129	40	-	-
Income tax payable		6,036	4,570	830	738
Derivative financial instruments		171	-	-	-
Bank and other loans	i	298,445	299,769	66,295	73,304
Notes	j	12,885	19,892	-	-
		601,630	588,258	89,368	78,166
Net Current Assets (Liabilities)		119,312	12,860	(15,925)	(42,898)
Non-current Liabilities					
Bank and other loans	i	195,028	116,702	177,024	104,959
Obligations under finance leases		434	63	-	-
Deferred tax liabilities		3,116	3,429	-	-
		198,578	120,194	177,024	104,959
Net Assets		461,129	460,357	304,123	303,630
Represented by:					
Issued capital		286,307	286,307	286,307	286,307
Treasury shares		(20,585)	(20,585)	(20,585)	(20,585)
Reserves		113,902	111,014	38,401	37,908
Equity attributable to equity holders of the Company		379,624	376,736	304,123	303,630
Non-controlling interests		81,505	83,621	-	-
Total Equity		461,129	460,357	304,123	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\$26.2 million located in Huizhou, The People's Republic of China ("PRC"); and (ii) land and buildings with a net book value of S\$9.3 million located in Ningbo, PRC, to assets classified as held for sale ("AHFS") during Q1 ended 30 June 2018. The Group has entered into conditional agreements to dispose of such properties during Q1 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 Q1 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 represents 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 Q1 ended 30 June 2018 compared to that for the financial quarter ended 31 March 2018.
- Included in the Company's receivables and prepayments as at 30 June 2018 is the current portion of the S\$60.0 million loan (note c) to a subsidiary, amounted to S\$14.4 million.
- (Note e) Structured deposit placed with a bank in PRC as at 31 March 2018 was uplifted during Q1 ended 30 June 2018.
- (Note f) Increase in the Group's bank balances, deposits and cash was due mainly to (i) unutilised proceeds from bank loans (note i); and (ii) deposits received from the proposed disposal of AHFS (note a).
- Increase in the Company's bank balances, deposits and cash was due mainly to funds received from a subsidiary (note h).
- (Note g) The net increase in AHFS during Q1 ended 30 June 2018 was due mainly to (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 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\$192.2 million; and (ii) repayment of existing term loans and short-term borrowings amounted to approximately S\$121.2 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\$110.5 million.
- (Note j) The decrease was due mainly to the redemption of notes amounted to approximately S\$7.4 million during Q1 ended 30 June 2018. As at 30 June 2018, the outstanding fixed rate notes have an aggregate principal of Renminbi 60.7 million, are interest bearing at rates between 4.95% and 5.20% per annum and are repayable in July and September 2018.

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

As at	30.06.18 S\$'000	31.03.18 S\$'000
Amount repayable in one year or less, or on demand:		
Secured	129	40
Unsecured	311,330	319,661
	311,459	319,701
Amount repayable after one year:		
Secured	434	63
Unsecured	195,028	116,702
	195,462	116,765

Details of any collateral

As at	30.06.18 S\$'000	31.03.18 S\$'000
Net book value of property, plant and equipment held under finance leases:		
(i) Motor vehicles	219	146
(ii) Machinery and equipment	457	-

Other comments to paragraph 1(b)(ii)

As at 30 June 2018, bank balances, deposits and cash of the Group amounted to S\$248,907,000 (31 March 2018: S\$194,161,000), resulting in net borrowings of S\$258,014,000 (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.

	Q1 ended 30.06.18 S\$'000	Q1 ended 30.06.17 S\$'000
Operating activities		
Profit before taxation	15,763	14,449
Adjustments for:		
Share of results of associates	(7,291)	(8,129)
Depreciation of property, plant and equipment	6,751	5,885
Amortisation of intangible assets	80	85
Finance costs	5,727	3,643
Interest income	(482)	(343)
(Gain) Loss on disposal and write-off of property, plant and equipment, net / assets classified as held for sale	(973)	172
Allowance for and write-off of inventory obsolescence, net	802	453
Allowance for and write-off of bad-debt, net	47	55
Utilisation of prepaid rent	281	-
Dividend income from financial assets at fair value through other comprehensive income	(45)	-
Unrealised fair value loss on derivative financial instruments	171	-
Realised loss on derivative financial instruments	243	-
Unrealised exchange (gain) loss	(4,500)	770
Operating cash flows before movements in working capital	16,574	17,040
Inventories	(1,827)	(17,175)
Receivables and prepayments	(26,394)	(6,099)
Trade and other payables	7,500	17,592
Amount due to ultimate holding company	-	91
Cash (used in) generated from operations	(4,147)	11,449
Income tax paid	(1,399)	(3,416)
Finance costs paid	(8,610)	(3,283)
Interest received	482	343
Net cash (used in) generated from operations	(13,674)	5,093
Investing activities		
Purchase of property, plant and equipment	(9,647)	(35,659)
Deposits received for assets classified as held for sale	4,116	-
Deposits paid for purchase of property, plant and equipment	(248)	(1,675)
Dividends received from associates	3,696	2,765
Proceeds from disposal of property, plant and equipment / assets classified as held for sale	6,871	3,245
Uplift of time deposits	7,451	-
Uplift of structured deposit	4,170	-
Dividend received from financial assets at fair value through other comprehensive income	45	-
Net cash generated from (used in) investing activities	16,454	(31,324)

	Q1 ended 30.06.18 S\$'000	Q1 ended 30.06.17 S\$'000
Financing activities		
Drawdown of long-term bank and other loans	192,163	7,758
Repayment of long-term bank and other loans	(97,394)	(16,566)
(Repayment) Drawdown of short-term bank loans, net	(23,780)	26,160
Redemption of notes	(7,390)	-
Acquisition of additional interest in a subsidiary	(94)	-
Obligations under finance leases	(38)	(60)
Dividend paid to non-controlling interests	(6,166)	(4,054)
Net cash generated from financing activities	57,301	13,238
Net increase (decrease) in cash and cash equivalents	60,081	(12,993)
Cash and cash equivalents at beginning of financial period	173,672	184,699
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,283	(146)
Cash and cash equivalents at end of financial period	236,036	171,560
Cash and cash equivalents at end of financial period comprised:		
Bank balances, deposits and cash	248,907	171,961
Less: Time deposits	(12,871)	-
Less: Bank overdrafts	-	(401)
	236,036	171,560

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	Retained profits S\$'000	Total S\$'000		
Group													
Balance at 31.03.18, as previously reported	286,307	(20,585)	5,868	17,043	31,527	(100,184)	4,642	1,467	596	150,055	376,736	83,621	460,357
Adoption of SFRS(I) 9	-	-	-	-	-	-	(4,642)	-	-	4,642	-	-	-
Balance at 01.04.18, as restated	286,307	(20,585)	5,868	17,043	31,527	(100,184)	-	1,467	596	154,697	376,736	83,621	460,357
Total comprehensive income (loss)													
Profit for the financial period	-	-	-	-	-	-	-	-	-	7,189	7,189	4,622	11,811
Other comprehensive (loss) income for the financial period	-	-	-	-	-	(3,522)	(621)	-	-	1	(4,142)	(641)	(4,783)
Total comprehensive (loss) income for the financial period	-	-	-	-	-	(3,522)	(621)	-	-	7,190	3,047	3,981	7,028
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners:													
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,166)	(6,166)
Changes in ownership interests in subsidiaries:													
Acquisition of additional interest in a subsidiary	-	-	-	-	(159)	-	-	-	-	-	(159)	69	(90)
Total transactions with owners	-	-	-	-	(159)	-	-	-	-	-	(159)	(6,097)	(6,256)
Balance at 30.06.18	286,307	(20,585)	5,868	17,043	31,368	(103,706)	(621)	1,467	596	161,887	379,624	81,505	461,129

	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 01.04.17	286,307	(20,585)	3,132	16,453	22,617	(105,471)	545	1,467	596	137,414	342,475	162,561	505,036
Total comprehensive income (loss)													
Profit for the financial period	-	-	-	-	-	-	-	-	-	5,414	5,414	3,898	9,312
Other comprehensive (loss) income for the financial period	-	-	-	-	-	(1,918)	-	-	-	-	(1,918)	310	(1,608)
Total comprehensive (loss) income for the financial period	-	-	-	-	-	(1,918)	-	-	-	5,414	3,496	4,208	7,704
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners:													
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,054)	(4,054)
Balance at 30.06.17	286,307	(20,585)	3,132	16,453	22,617	(107,389)	545	1,467	596	142,828	345,971	162,715	508,686

	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
Company					
Balance at 01.04.18	286,307	(20,585)	614	37,294	303,630
Profit and total comprehensive income for the financial period	-	-	-	493	493
Balance at 30.06.18	286,307	(20,585)	614	37,787	304,123
Balance at 01.04.17	286,307	(20,585)	614	30,659	296,995
Profit and total comprehensive income for the financial period	-	-	-	3,845	3,845
Balance at 30.06.17	286,307	(20,585)	614	34,504	300,840

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 31 March 2018 to 30 June 2018.

There were no shares that may be issued on conversion of any outstanding convertibles as at 30 June 2018 and 2017.

As at	30.06.18	30.06.17
Treasury shares held	36,889,300	36,889,300
Subsidiary holdings held	-	-
	36,889,300	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	7.61%	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	30.06.18	31.03.18
Total number of issued shares	521,358,482	521,358,482
Less: treasury shares	(36,889,300)	(36,889,300)
Total number of issued shares excluding treasury shares	484,469,182	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 30 June 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 30 June 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(l)

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

The Group has elected to apply the short-term exemption under SFRS(l) 1, which exempt the Group from applying SFRS(l) 9 to comparative information. The effect of adoption of SFRS(l) 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(l) 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(l) 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(l) 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")	Q1 ended 30.06.18 Singapore cents	Q1 ended 30.06.17 Singapore cents
Basic EPS	1.48	1.12
Diluted EPS	1.48	1.12

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:

	Q1 ended 30.06.18	Q1 ended 30.06.17
Weighted average number of ordinary shares used in calculating basic EPS	484,469,182	484,469,182
Adjustment for dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted EPS	484,469,182	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	
	30.06.18 Singapore cents	31.03.18 Singapore cents	30.06.18 Singapore cents	31.03.18 Singapore cents
Net asset value per ordinary share based on 484,469,182 issued shares excluding treasury shares as at 30 June 2018 (31 March 2018: 484,469,182)	78.36	77.76	62.77	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 financial quarter ended 30 June 2018 ("Q1FY2019") was S\$287.0 million, an increase of 4.4% over the revenue reported for the same financial quarter ended 30 June 2017 ("Q1FY2018"). The increase was mainly attributable to a 5.8% revenue growth reported by the *Batteries Business*. Comparing Q1FY2019 and Q1FY2018, the Singapore dollar appreciated by approximately 4.0% against US dollar, which is the principal trading currency of the Group's products. In US dollar terms, revenue for Q1FY2019 increased by 8.8% when compared to Q1FY2018.

Rapid cost increases, mainly caused by the rising labour costs in China, sharp metal price increase, a shortage of some electronic components and its corresponding price increase, and a strong Chinese Renminbi ("Renminbi") to US dollar exchange rate adversely affected the gross profit margin for the financial year ended 31 March 2018. This trend continued in Q1FY2019 and suppressed the Group's gross profit margin from 25.3% in Q1FY2018 to 21.8% in Q1FY2019. However, the strengthening of US dollar against the Renminbi and against the Singapore dollar since the later part Q1FY2019 resulted in a net exchange gain of S\$4.1 million during Q1FY2019, compared with a net exchange loss of S\$1.6 million for Q1FY2018. During Q1FY2019, the Group also reported an increase in other operating income due mainly to compensation income and property disposal gain of the *Batteries Business*.

During Q1FY2019, the Group reported less income tax expense, due mainly to a write-back of taxation expenses by certain subsidiary and associate operating in China.

Profit after taxation attributable to equity holders for Q1FY2019 increased by 32.8% to S\$7.2 million when compared to the S\$5.4 million reported for Q1FY2018.

Based on the weighted average of 484,469,182 shares in issue (Q1FY2018: 484,469,182 shares), basic earnings per share for Q1FY2019 was 1.48 Singapore cents as compared to 1.12 Singapore cents for Q1FY2018.

Business Review

Batteries Business - The revenue of the *Batteries Business* for Q1FY2019 was S\$219.2 million, a 5.8% increase over the revenue for Q1FY2018 in Singapore dollar terms or 10.1% in US dollar terms. In US dollar terms, sales of primary batteries increased by 14.2% while sales of rechargeable batteries decreased by 6.9%. In geographical terms, sales in the Americas and Asia increased by 9.0% and 17.0% respectively, while sales in Europe decreased by 2.5%, all in US dollar terms.

Gross profit margin for Q1FY2019 continued to be adversely affected by the high raw material cost, when compared to Q1FY2018.

During Q1FY2019, the *Batteries Business* reported an increase in other operating income due to compensation of S\$7.9 million for damages caused by third parties to a property of the 70% owned subsidiary, Zhongyin (Ningbo) Battery Co. Ltd, as announced by the Company on 15 May 2018, and a S\$1.0 million gain from the disposal of a property located in Taiwan.

Electronics and Acoustics Business - Revenue from the *Electronics and Acoustics Business* in Q1FY2019 remained steady when compared to Q1FY2018 in Singapore dollar terms, or increased by 4.7% in US dollar terms. Sales of electronics products remained steady in US dollar terms. Sales of acoustics products continued to grow and reported an increase of 9.9%, all in US dollar terms. Sales to the US market increased by 14.3%, the Asian markets by 13.6% and the European market by 10.9%, all in US dollar terms. The associated companies which manufacture parts and components contributed more profit in aggregate due to higher revenue.

Automotive Wire Harness Business - Sales of the *Automotive Wire Harness Business* remained steady in Singapore dollar terms in Q1FY2019 when compared to Q1FY2018. In US dollar terms, revenue increased by 4.0%. Sales to US increased by 20.9% due to increased demand for new products. Sales to China decreased by 15.5% due mainly to delays in production of new car models by the automotive manufacturers. The appreciating Renminbi and increases in labour costs also affected manufacturing costs in this business.

Other Industrial Investments - This business segment includes the Group's investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In Q1FY2019, Linkz reported revenue growth but profit contribution remained steady due partly to the profit shared by the non-controlling interests of a subsidiary which became listed on the Stock Exchange of Hong Kong Limited in February 2018 and partly to exchange losses. 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.**

Significant business uncertainties arose from the trade disputes between the United States of America ("US") and some of its key trade partners. For the Group's businesses, based on the revenue for the financial year ended 31 March 2018, about 2% of the sales of the *Batteries Business* and about 17% of the sales of the *Automotive Wire Harness Business* are subjected to the 25% import tariffs imposed on products made in China imported to the US market effective July 2018. In aggregate, the two categories that are affected represent less than 3% of the Group's revenue for the financial year ended 31 March 2018. Other products from the Group's US business are not on any confirmed list of products subjected to additional US import tariff up to now.

The Group is in contact with its customers in the US to discuss how to best respond to the increased import cost.

Volatile currency exchange rates may also affect the Group's results. A weakened Renminbi is generally favourable to the Group's export-oriented businesses in China. Volatility in certain metal prices and the global shortage of certain electronic components are expected to continue to cause instability in profit margin of the Group's business.

The Group will continue to enhance the competitiveness of its businesses by investing in technology, new product development, further automating the Group's 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/recommended, a statement to that effect.

No dividend has been declared/recommended for the financial quarter ended 30 June 2018.

13. Interested person transactions

Pursuant to the shareholders' mandate on interested person transactions approved by the shareholders at the Annual General Meeting held on 28 July 2017, the interested person transactions entered into by the Group during Q1 ended 30 June 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)	
	Q1 ended 30.06.18 S\$'000	Q1 ended 30.06.17 S\$'000	Q1 ended 30.06.18 S\$'000	Q1 ended 30.06.17 S\$'000
Sales: Light Engine Ltd	-	-	30	37

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

We, Victor Lo Chung Wing and Leung Pak Chuen, 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 30 June 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

Leung Pak Chuen
Executive Vice Chairman

10 August 2018