



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

First Quarter Financial Statement for the Financial Quarter ended 30 June 2019

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 2019. These figures have not been audited.

	Notes	Q1 ended 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000	Change %
Revenue		273,876	287,025	(4.6)
Cost of sales		(202,517)	(224,365)	(9.7)
Gross profit	a	71,359	62,660	13.9
Other operating income	b	2,637	12,024	(78.1)
Distribution costs *		(32,306)	(31,959)	1.1
Administrative expenses		(30,265)	(31,816)	(4.9)
Allowance for expected credit losses *		(70)	(47)	48.9
Exchange gain	c	1,190	4,069	(70.8)
Other operating expenses	d	(2,863)	(732)	291.1
Profit before finance costs and share of results of associates		9,682	14,199	(31.8)
Finance costs	e	(6,691)	(5,727)	16.8
Share of results of associates		6,792	7,291	(6.8)
Profit before taxation	f	9,783	15,763	(37.9)
Income tax expense	g	(2,207)	(3,952)	(44.2)
Profit after taxation		7,576	11,811	(35.9)
Attributable to:				
Equity holders of the Company		5,213	7,189	(27.5)
Non-controlling interests		2,363	4,622	(48.9)
		7,576	11,811	(35.9)

* Prior period comparative figures have been reclassified to conform to current period's presentation.

(Note a) Gross profit margin improved from 21.8% to 26.1% due mainly to improvement in the gross profit margin of the Batteries Business as a result of a more favorable Chinese Renminbi (“Renminbi”) against United States dollar (“US dollar”) exchange rate, lower price for some raw materials and Management’s focusing on better quality businesses and cost efficiency improvements.

(Note b) Other operating income comprised:

	Q1 ended 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000
Product development and engineering fee income	241	104
Interest income	686	482
Gain on disposal of property, plant and equipment and assets classified as held for sale	17	990
Management fee income from associates	122	117
Operating lease income	116	123
Tooling income	227	33
Government grant	483	1,549
Compensation income ⁽¹⁾	-	7,940
Recovery of bad debts	-	333
Others	745	353
	2,637	12,024

⁽¹⁾ Being compensation income for damages done to a property of a 70% owned subsidiary, Zhongyin (Ningbo) Battery Co Ltd.

(Note c) A net exchange gain was reported for Q1 ended 30 June 2019 due mainly to the depreciation of Renminbi against US dollar. A net exchange gain was reported for Q1 ended 30 June 2018 due mainly to the depreciation of Singapore dollar and Renminbi against US dollar.

(Note d) Other operating expenses comprised:

	Q1 ended 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000
Property, plant and equipment written-off	41	17
Bank charges	429	380
Realised loss on derivative financial instruments	1,168	226
Provision for relocation costs	1,147	-
Others	78	109
	2,863	732

(Note e) Increase in finance costs was due mainly to increase in the Group's gross bank borrowings and increase in interest rates. In addition, finance costs of Q1 ended 30 June 2019 included finance costs of approximately S\$234,000 relating to leases, upon adoption of Singapore Financial Reporting Standards (International) (“SFRS(I)”) 16 Leases (“SFRS(I) 16”) effective 1 April 2019. Please refer to paragraph 5 for details.

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

	Q1 ended 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000
Depreciation and amortisation ⁽²⁾	(8,509)	(6,831)
(Allowance for) Reversal of expected credit losses and bad debts recovered, net	(70)	286
Allowance for and write-off of inventory obsolescence, net	(817)	(802)

⁽²⁾ Depreciation and amortisation for Q1 ended 30 June 2019 included depreciation of S\$1,860,000 (2018: Nil) attributable to right-of-use assets, as a result of adoption of SFRS(I) 16 effective 1 April 2019. Please refer to paragraph 5 for details.

(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\$513,000 (2018: S\$1,381,000).

Group statement of comprehensive income for Q1 ended 30 June 2019.

	Notes	Q1 ended 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000
Profit after taxation for the financial period		7,576	11,811
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		(8,198)	(4,297)
Net change in fair value of cash flow hedges		(144)	-
Net change in fair value of cash flow hedges reclassified to profit or loss		34	-
Share of other comprehensive (loss) income of associates	h	(2,078)	134
Other comprehensive loss for the financial period, net of tax		(10,386)	(4,783)
Total comprehensive (loss) income for the financial period		(2,810)	7,028
Attributable to:			
Equity holders of the Company		(3,494)	3,047
Non-controlling interests		684	3,981
		(2,810)	7,028

(Note h) Share of other comprehensive (loss) income of associates comprised exchange translation (deficit) surplus.

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	
		30.06.19 S\$'000	31.03.19 S\$'000	30.06.19 S\$'000	31.03.19 S\$'000
Non-current Assets					
Property, plant and equipment		269,525	273,864	286	71
Right-of-use assets	a	18,167	-	306	-
Interest in subsidiaries		-	-	423,960	423,960
Interest in associates		253,198	251,568	29,031	29,031
Financial assets at fair value through other comprehensive income		3,678	3,665	-	-
Non-current receivables	b	-	-	31,200	34,800
Deferred tax assets		4,220	3,882	-	-
Deposits and prepayments		3,020	1,451	-	-
Intangible assets		13,129	13,165	-	-
		564,937	547,595	484,783	487,862
Current Assets					
Inventories		184,194	182,301	-	-
Receivables and prepayments	c	252,216	222,405	18,322	18,733
Dividend receivable		2,575	4,723	13,162	14,216
Taxation recoverable		3,804	3,774	-	-
Derivative financial instruments		-	15	-	-
Bank balances, deposits and cash	d	240,003	247,478	16,672	8,104
		682,792	660,696	48,156	41,053
Assets classified as held for sale		33,933	33,917	-	-
		716,725	694,613	48,156	41,053
Current Liabilities					
Trade and other payables	e	296,368	272,735	23,332	6,037
Contract liabilities		1,260	2,733	-	-
Lease liabilities	a	7,866	-	321	-
Obligations under finance leases	a	-	219	-	-
Income tax payable		6,153	7,213	674	674
Derivative financial instruments		-	14	-	-
Bank overdrafts, bank loans and other loans		345,529	321,424	91,026	95,108
		657,176	604,338	115,353	101,819
Net Current Assets (Liabilities)		59,549	90,275	(67,197)	(60,766)
Non-current Liabilities					
Bank and other loans		161,211	177,813	118,845	131,809
Lease liabilities	a	11,288	-	-	-
Obligations under finance leases	a	-	564	-	-
Derivative financial instruments		466	356	466	356
Deferred tax liabilities		3,899	3,839	-	-
		176,864	182,572	119,311	132,165
Net Assets		447,622	455,298	298,275	294,931
Represented by:					
Issued capital		286,307	286,307	286,307	286,307
Treasury shares		(20,865)	(20,865)	(20,865)	(20,865)
Reserves		98,248	103,070	32,833	29,489
Equity attributable to equity holders of the Company		363,690	368,512	298,275	294,931
Non-controlling interests		83,932	86,786	-	-
Total Equity		447,622	455,298	298,275	294,931

- (Note a) The Group adopted SFRS(I) 16 effective 1 April 2019. Please refer to paragraph 5 for details.
- (Note b) 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 c) Increase in the Group's receivables and prepayments was due partly to (i) increase in trade receivables as a result of higher revenue of the Batteries Business for Q1 ended 30 June 2019 compared to that for the financial quarter ended 31 March 2019; and (ii) decrease in utilisation of trade receivables discounting facilities.
- (Note d) Increase in the Company's bank balances, deposits and cash was due mainly to funds received from a subsidiary (note e).
- (Note e) Increase in the Company's trade and other payables was due mainly to advance received from a subsidiary.

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

As at	30.06.19 S\$'000	31.03.19 S\$'000
Amount repayable in one year or less, or on demand:		
Secured ⁽¹⁾	812	219
Unsecured	345,497	321,424
	346,309	321,643
Amount repayable after one year:		
Secured ⁽¹⁾	2,366	564
Unsecured	161,148	177,813
	163,514	178,377

⁽¹⁾ Included current lease liabilities of S\$780,000 and non-current lease liabilities of S\$2,303,000 which were secured against leased assets.

Details of any collateral

As at	30.06.19 S\$'000	31.03.19 S\$'000
Net book value of property, plant and equipment held under secured borrowings:		
(i) Motor vehicles	773	561
(ii) Machinery and equipment	2,786	414

Other comments to paragraph 1(b)(ii)

As at 30 June 2019, bank balances, deposits and cash of the Group amounted to S\$240,003,000 (31 March 2019: S\$247,478,000), resulting in net borrowings of S\$269,820,000 (31 March 2019: S\$252,542,000).

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 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000
Operating activities		
Profit before taxation	9,783	15,763
Adjustments for:		
Share of results of associates	(6,792)	(7,291)
Depreciation of property, plant and equipment	6,567	6,751
Depreciation of right-of-use assets	1,860	-
Amortisation of intangible assets	82	80
Finance costs	6,691	5,727
Interest income	(686)	(482)
Loss (Gain) on disposal and write-off of property, plant and equipment / assets classified as held for sale, net	24	(973)
Allowance for and write-off of inventory obsolescence, net	817	802
Allowance for expected credit losses	70	47
Utilisation of prepaid rent	270	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	1,168	243
Unrealised exchange loss (gain)	1,077	(4,500)
Operating cash flows before movements in working capital	20,931	16,574
Inventories	(2,503)	(1,827)
Receivables and prepayments	(31,056)	(26,394)
Trade and other payables, and contract liabilities	(3,730)	7,500
Cash used in operations	(16,358)	(4,147)
Income tax paid	(2,702)	(1,399)
Finance costs paid	(6,124)	(8,610)
Interest received	639	482
Net cash used in operations	(24,545)	(13,674)
Investing activities		
Purchase of property, plant and equipment	(10,993)	(9,647)
Deposits received for assets classified as held for sale	24,493	4,116
Deposits paid for purchase of property, plant and equipment	(1,683)	(248)
Dividends received from associates	4,534	3,696
Proceeds from disposal of property, plant and equipment / assets classified as held for sale	91	6,871
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 investing activities	16,442	16,454

	Q1 ended 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000
Financing activities		
Drawdown of long-term bank and other loans	12,226	192,163
Repayment of long-term bank and other loans	(18,435)	(97,394)
Drawdown (Repayment) of short-term bank loans, net	13,857	(23,780)
Payment of lease liabilities	(1,833)	-
Dividend paid to non-controlling interests	(3,538)	(6,166)
Lease liabilities	2,486	-
Redemption of notes	-	(7,390)
Acquisition of additional interest in a subsidiary	-	(94)
Obligations under finance leases	-	(38)
Net cash generated from financing activities	4,763	57,301
Net (decrease) increase in cash and cash equivalents	(3,340)	60,081
Cash and cash equivalents at beginning of financial period	247,478	173,672
Effects of exchange rate changes on the balance of cash held in foreign currencies	(4,936)	2,283
Cash and cash equivalents at end of financial period	239,202	236,036
Cash and cash equivalents at end of financial period comprised:		
Bank balances, deposits and cash	240,003	248,907
Less: Bank overdrafts	(801)	-
Less: Time deposits	-	(12,871)
	239,202	236,036

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 31.03.19, as previously reported	286,307	(20,865)	5,868	18,011	31,365	(115,322)	(2,174)	1,627	596	(356)	163,455	368,512	86,786	455,298
Adoption of SFRS(I) 16	-	-	-	-	-	-	-	-	-	-	(1,397)	(1,397)	-	(1,397)
Balance at 01.04.19, as restated	286,307	(20,865)	5,868	18,011	31,365	(115,322)	(2,174)	1,627	596	(356)	162,058	367,115	86,786	453,901
Total comprehensive income (loss)														
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	5,213	5,213	2,363	7,576
Other comprehensive loss for the financial period	-	-	-	-	-	(8,597)	-	-	-	(110)	-	(8,707)	(1,679)	(10,386)
Total comprehensive (loss) income for the financial period	-	-	-	-	-	(8,597)	-	-	-	(110)	5,213	(3,494)	684	(2,810)
Share of change in net assets of associates other than other comprehensive income	-	-	-	-	-	-	-	69	-	-	-	69	-	69
Transactions with owners, recognised directly in equity														
Contributions by and distributions to owners:														
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(3,538)	(3,538)
Total transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-	(3,538)	(3,538)
Transfer to reserve	-	-	-	3,512	-	-	-	-	-	-	(3,512)	-	-	-
Balance at 30.06.19	286,307	(20,865)	5,868	21,523	31,365	(123,919)	(2,174)	1,696	596	(466)	163,759	363,690	83,932	447,622

	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 01.04.18	286,307	(20,585)	5,868	17,043	31,527	(100,184)	3,973	1,467	596	149,800	375,812	83,621	459,433
<u>Total comprehensive income (loss)</u>													
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
<u>Transactions with owners, recognised directly in equity</u>													
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)	3,352	1,467	596	156,990	378,700	81,505	460,205

	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 31.03.19, as previously reported	286,307	(20,865)	614	(356)	29,231	294,931
Adoption of SFRS(I) 16	-	-	-	-	(17)	(17)
Balance at 01.04.19, as restated	286,307	(20,865)	614	(356)	29,214	294,914
Total comprehensive income (loss)						
Profit for the financial period	-	-	-	-	3,471	3,471
Other comprehensive loss for the financial period	-	-	-	(110)	-	(110)
Total comprehensive (loss) income for the financial period	-	-	-	(110)	3,471	3,361
Balance at 30.06.19	286,307	(20,865)	614	(466)	32,685	298,275
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

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 2019 to 30 June 2019.

There were no shares that may be issued on conversion of any outstanding convertibles as at 30 June 2019 and 2018.

As at	30.06.19	30.06.18
Treasury shares held	37,311,800	36,889,300
Subsidiary holdings held	-	-
	37,311,800	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	30.06.19	31.03.19
Total number of issued shares	521,358,482	521,358,482
Less: treasury shares	(37,311,800)	(37,311,800)
Total number of issued shares excluding treasury shares	484,046,682	484,046,682

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 2019, 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 2019, 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 March 2019.

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 new/revised SFRS(I) and SFRS(I) Interpretations effective for the Company's financial year commenced on 1 April 2019 does not have a material financial effect on the Group and the Company except for the following:

Adoption of SFRS(I) 16

Adoption of SFRS(I) 16 resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under SFRS(I) 16, a lessee recognises a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). In the profit or loss, depreciation of right-of-use assets and finance costs attributable to lease liabilities are recognised.

The Group adopted SFRS(I) 16 on 1 April 2019 and applied the modified retrospective approach with no restatement of comparative information and the practical expedient for recognition exemptions for short-term leases and leases of low-value items.

The adoption of SFRS(l) 16 resulted in the following key effects on the financial position of the Group and the Company as at 1 April 2019:

	Group S\$'000	Company S\$'000
	Increase (decrease)	Increase (decrease)
<u>Assets</u>		
Property, plant and equipment	(3,481)	-
Right-of-use assets	20,078	398
Interest in associates	(15)	-
Receivables and prepayments	(109)	-
<u>Liabilities</u>		
Trade and other payables	27	-
Lease liabilities	18,626	415
Obligations under finance leases	(783)	-
<u>Equity</u>		
Retained profits	(1,397)	(17)

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 30.06.19 Singapore cents	Q1 ended 30.06.18 Singapore cents
Basic EPS	1.08	1.48
Diluted EPS	1.08	1.48

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 30.06.19	Q1 ended 30.06.18
Weighted average number of ordinary shares used in calculating basic EPS	484,046,682	484,469,182
Adjustment for dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted EPS	484,046,682	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	
	30.06.19 Singapore cents	31.03.19 Singapore cents	30.06.19 Singapore cents	31.03.19 Singapore cents
Net asset value per ordinary share based on 484,046,682 issued shares excluding treasury shares as at 30 June 2019 (31 March 2019: 484,046,682)	75.14	76.13	61.62	60.93

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 2019 ("Q1FY2020") was S\$273.9 million, a 4.6% decline compared to the revenue reported for the financial quarter ended 30 June 2018 ("Q1FY2019").

Despite a decrease in revenue, gross profit for Q1FY2020 increased by 13.9% to S\$71.4 million as gross profit margin improved from 21.8% in Q1FY2019 to 26.1% in Q1FY2020. This increase was mainly due to improved gross profit margin of the *Batteries Business*, from a more favorable Renminbi against US dollar exchange rate, lower price for some raw materials and Management's focusing on better quality businesses and cost efficiency improvements.

However, profit before taxation decreased from S\$15.8 million reported in Q1FY2019 to S\$9.8 million in Q1FY2020, mainly due to the one-time S\$7.9 million compensation income for damage to a factory property in China and a higher foreign exchange gain reported in Q1FY2019.

The Group's profit after taxation attributable to equity holders for Q1FY2020 was S\$5.2 million, a decline of 27.5% from S\$7.2 million reported in Q1FY2019.

Based on the weighted average of 484,046,682 shares in issue, basic earnings per share for Q1FY2020 was 1.08 Singapore cents, a 27.0% decline from the 1.48 Singapore cents reported in Q1FY2019.

Business Review

Batteries Business - The revenue of the *Batteries Business* for Q1FY2020 was S\$211.3 million, a 3.6% decline compared to the revenue recorded in Q1FY2019. Sales of primary batteries decreased by 5.8% while sales of rechargeable batteries increased by 8.2% compared to Q1FY2019. In geographical terms, sales in Asia decreased by 12.1%, sales in Europe increased by 15.1% and sales in the Americas remained steady.

Gross profit margin improved from 18.6% in Q1FY2019 to 24.0% in Q1FY2020 compared to Q1FY2019. This was mainly contributed by the combined effects of lower price for some raw materials, a more favorable Renminbi exchange rate, sales increase of rechargeable batteries used in true wireless headphones, IoT (internet of things) devices and home automation products plus

Management's efforts to focus on better quality businesses and cost efficiency improvements. The associates of the *Batteries Business* also contributed improved profit in aggregate.

Electronics and Acoustics Business - The revenue of the *Electronics and Acoustics Business* for Q1FY2020 was S\$53.4 million, a 6.1% decline compared to the revenue reported in Q1FY2019. Sales of electronics products decreased by 14.2% while sales of acoustics products grew by 2.9%. Sales of acoustics products to Europe increased by 5.5%, to Asia increased by 4.9% while sales to the Americas declined by 6.1%. The associated companies which manufacture parts and components also contributed less profit as revenue declined.

Automotive Wire Harness Business - The revenue of the *Automotive Wire Harness Business* for Q1FY2020 was S\$9.2 million, a decline of 16.7% compared to the revenue reported in Q1FY2019. Sales to the Americas decreased by 6.5% while sales to China decreased by 33.8% due mainly to the softening of the passenger car market in the US and 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 Q1FY2020, Linkz recorded a decline in revenue and profit contribution while profit contribution of Meiloon increased as revenue increased.

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.

Based on the revenue for the last financial year ended 31 March 2019, the enlarged US import tariff scheme, when becomes effective, will affect approximately 24.0% of the Group's products. To minimize the impact of the US import tariffs, the Group is rapidly expanding the capacity of its manufacturing facilities in Malaysia and Vietnam and exploring other cooperation opportunities outside China to take up more of the Group's US export businesses. Construction of a new battery factory in Vietnam has been completed and is expected to commence operations in the coming quarters.

Developments regarding Brexit may bring uncertainties and softening of the global economy may also affect the demand for some of the Group's products.

Volatile currency exchange rates may also affect the Group's results. A weakened Renminbi against US dollar may help to offset some of the negative impacts of the US-China trade war. Volatility in certain raw material prices may also affect the Group's profit margin.

The Group will continue to enhance the competitiveness of its businesses by investing in technology and new product development, further automating its factories and continuing 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 and the reason(s) for the decision.

No dividend has been declared/recommended for the financial quarter ended 30 June 2019. 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 Q1 ended 30 June 2019 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 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000	Q1 ended 30.06.19 S\$'000	Q1 ended 30.06.18 S\$'000
Sales:				
Huizhou Light Engine Limited	-	-	41	-
Light Engine Ltd	-	-	-	30

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 30 June 2019 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

14 August 2019