

Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	GP BATTERIES INT LTD
Company Registration No.	199002111N
Announcement submitted on behalf of	GP BATTERIES INT LTD
Announcement is submitted with respect to *	GP BATTERIES INT LTD
Announcement is submitted by *	Caroline Yeo
Designation *	Company Secretary
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Announcement Title *	RESPONSES TO SGX'S QUERIES ON THE COMPANY'S THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008 ("3Q FY2009 RESULTS")
Description	

GP BATTERIES INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number 199002111N

RESPONSES TO SGX'S QUERIES ON THE COMPANY'S THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008 ("3Q FY2009 RESULTS")

In response to the queries by the Singapore Exchange Securities Trading Limited ("SGX") on 17 February 2009, the Board of Directors (the "Board") of GP Batteries International Limited (the "Company") wishes to provide the following information in relation to the Company's 3Q FY2009 Results released on 12 February 2009.

SGX's query 1: Debtors

We note that "Debtors" amount has been very high. In view of this:-

- (i) Please disclose the debtors turnover days and average credit period granted on sales.
- (ii) Of the total S\$214,069,00 amount in "Debtors" as at 31 Dec 2008, how much is past due? For amounts past due, what steps has the Company been taking to recover the amounts owed?
- (iii) Has the Company made any provisions for doubtful debts? If so, how much? If not, why?

The Company's Response:

- (i) Debtors turnover is about 66 days of sales. The average credit period on sale of goods ranges from 60 to 90 days.
- (ii) Included in the Group's debtors are trade debtors with a carrying amount of about S\$72 million that are past due as at 31 December 2008.

The Group has a detailed collection policy and procedures in place to handle past due amounts. This includes stepping up collection action by phone call to customers at the early stage of past due (not exceeding 3 weeks). During this stage, the Sales Manager in charge and the Credit Controller will also try to identify and assess if there are signs that the customer from whom the amount is past due is in financial trouble. If there is such sign, this customer will be put on credit hold and further action such as legal action will be taken.

Once a past due has exceeded 3 weeks, the customer will be put on credit hold immediately and there will be no further release of goods. The Group will continue to pursue settlement from the customers by sending reminders through various means such as fax, mail or email. At the same time, the Sales Manager in charge will review the shipment schedule to this customer and decide on the disposition of outstanding orders; while the Credit Controller will review the payment terms and credit limit to this customer to determine if any revision is necessary. When a past due has exceeded 2 months, the Credit Controller will seek management's consent to initiate legal action against the customer.

- (iii) The Group has made, up to 31 December 2008, a total provision of about S\$11 million for doubtful debts. The provision made is not in respect of any of the Group's major customers.

By reference to past default experience, the Board considers the provision of S\$11 million adequate as most of the past due amounts are less than 60 days. However, the Group's Credit Control Department will continue to monitor the situation closely and to respond swiftly in view of the prevailing fast changing economic conditions to ensure appropriate collection effort and sufficient provision is in place.

SGX's query 2: Commodity Contracts

The Group recorded a realised loss of S\$16 million on commodity contracts. In view of this, please disclose: -

- (i) Further details on the commodity contracts and how the losses arose.
- (ii) Whether the Audit Committee reviews hedging transactions. If so, how often? If not, why?
- (iii) On a day-to-day basis, who is responsible for reviewing and approving the Group's hedging transactions?

The Company's Response:

- (i) The Group had entered into commodity swap contracts to manage fluctuating raw material prices. The realised loss of S\$16 million arose from LME nickel swap contracts in the quantity of 474 metric tonnes with exercise prices ranging from US\$33,000 to US\$38,000, which were settled at prices ranging from US\$10,000 to US\$12,000.
- (ii) The Group has a policy on hedging transactions that was endorsed by the Audit Committee. The Group adheres to the policy in entering into hedging transactions and these transactions are reported to the Audit Committee on at least a quarterly basis.
- (iii) On a day-to-day basis, the Chief Executive Officer, together with other senior management team members, are responsible for reviewing and approving the Group's hedging transactions.

BY ORDER OF THE BOARD

Caroline Yeo
Company Secretary
19 February 2009