

Second Quarter and Half Year Financial Statement And Dividend Announcement for the Period Ended 30 September 2008

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

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group income statement for the second quarter ("Q2") and the half year ("H1") ended 30 September 2008. These figures have not been audited.

	Q2 ended 30.09.08 S\$'000	Q2 ended 30.09.07 S\$'000	Change %	H1 ended 30.09.08 S\$'000	H1 ended 30.09.07 S\$'000	Change %
Revenue	241,905	291,400	(17.0)	463,941	521,178	(11.0)
Cost of sales	(203,129)	(243,130)	(16.5)	(385,825)	(422,001)	(8.6)
Gross profit	38,776	48,270	(19.7)	78,116	99,177	(21.2)
Other operating income	4,750	2,408	n/m	5,810	2,833	n/m
Distribution expenses	(12,980)	(13,914)	(6.7)	(25,973)	(27,376)	(5.1)
Administrative expenses	(23,515)	(22,711)	3.5	(44,336)	(43,653)	1.6
Other operating expenses	(1,498)	(182)	n/m	(1,747)	(600)	n/m
Finance costs, net	(2,972)	(4,645)	(36.0)	(6,107)	(9,330)	(34.5)
Exchange (loss) gain, net	(4,819)	790	n/m	(3,553)	1,240	n/m
Unrealised fair value gain (loss) of commodity contracts	3,363	(21,271)	n/m	(1,418)	(47,706)	(97.0)
Exceptional item	0	0	n/m	0	16,658	n/m
Profit (loss) before share of results of associates	1,105	(11,255)	n/m	792	(8,757)	n/m
Share of results of associates	4,417	4,091	8.0	7,190	6,577	9.3
Profit (loss) before income tax	5,522	(7,164)	n/m	7,982	(2,180)	n/m
Income tax	(1,715)	(1,223)	40.2	(3,043)	(2,397)	27.0
Profit (loss) after income tax	3,807	(8,387)	n/m	4,939	(4,577)	n/m
Attributable to:						
Equity holders of the Company	2,906	(8,965)	n/m	3,033	(5,596)	n/m
Minority interests	901	578	55.9	1,906	1,019	87.0
	3,807	(8,387)	n/m	4,939	(4,577)	n/m

n/m denotes 'not meaningful'

	Q2 ended 30.09.08 S\$'000	Q2 ended 30.09.07 S\$'000	H1 ended 30.09.08 S\$'000	H1 ended 30.09.07 S\$'000
Profit from operations is arrived at after crediting (charging) the following:				
Depreciation and amortisation	(8,146)	(9,173)	(16,555)	(18,545)
Realised (loss) gain on commodity contracts, recognised in cost of sales	(9,694)	33	(14,687)	13,931
Included in other operating income:				
Gain on disposal of equity interests in subsidiaries	4,017	0	4,017	0
Interest income	201	699	545	888
Included in other operating expenses:				
Impairment loss on property, plant and equipment	(1,102)	0	(1,102)	0
Exceptional item:				
Gain on disposal of available-for-sale investments	0	0	0	16,658

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

As at	The Group		The Company	
	30.09.08 S\$'000	31.03.08 S\$'000	30.09.08 S\$'000	31.03.08 S\$'000
Non-current assets				
Investment properties	1,291	1,239	0	0
Property, plant and equipment	262,258	263,128	386	494
Interest in subsidiaries	0	0	493,673	493,693
Interest in associates	68,814	56,057	11,753	11,753
Available-for-sale investments	9,141	7,788	0	0
Deferred tax assets	2,472	2,967	0	0
Intangible assets	11,989	13,753	0	0
Goodwill on consolidation	23,363	14,170	0	0
Deposits	0	14,401	0	0
Total non-current assets	379,328	373,503	505,812	505,940
Current Assets				
Stocks	151,445	148,435	0	0
Debtors	236,945	198,887	80,063	61,175
Derivative financial instruments	0	93	0	93
Tax recoverable	671	767	0	0
Deposits and prepayments	7,791	6,800	212	344
Bank balances and cash	66,785	64,221	5,936	24,232
Total current assets	463,637	419,203	86,211	85,844
Current Liabilities				
Creditors and accrued charges	176,574	141,498	51,232	42,472
Derivative financial instruments	13,449	11,419	8,722	8,200
Obligations under finance leases	349	539	0	0
Income tax payable	7,102	2,623	1,015	1,015
Bank loans and overdrafts	144,722	91,999	79,130	20,654
Notes	0	59,972	0	59,972
Total current liabilities	342,196	308,050	140,099	132,313
Net current assets (liabilities)	121,441	111,153	(53,888)	(46,469)
Non-current liabilities				
Bank loans	157,131	153,503	138,514	135,559
Obligations under finance leases	622	800	0	0
Deferred tax liabilities	3,909	4,583	65	65
Total non-current liabilities	161,662	158,886	138,579	135,624
	339,107	325,770	313,345	323,847
Represented by				
Share capital	230,971	230,971	230,971	230,971
Reserves	60,020	46,852	82,374	92,876
Attributable to equity holders of the Company	290,991	277,823	313,345	323,847
Minority interests	48,116	47,947	0	0
	339,107	325,770	313,345	323,847

The Group acquired 15% additional equity interest in STL Corporation (“STL”) and as a result, the Group’s equity interest in STL increases from 30% to 45%. STL remains an associated company of the Group.

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

Amount repayable in one year or less, or on demand

As at 30.09.08		As at 31.03.08	
Secured	Unsecured	Secured	Unsecured
S\$349,000	S\$144,722,000	S\$539,000	S\$151,971,000

Amount repayable after one year

As at 30.09.08		As at 31.03.08	
Secured	Unsecured	Secured	Unsecured
S\$622,000	S\$157,131,000	S\$800,000	S\$153,503,000

Details of any collateral

Net book value of fixed assets in respect of certain motor vehicles and equipment held under finance leases:

As at 30.09.08		As at 31.03.08	
The Group	The Company	The Group	The Company
S\$878,000	Nil	S\$1,034,000	Nil

Land and buildings with a total net book value of S\$3,166,000 (as at 31/03/08: S\$3,502,000) for the Group have been pledged to banks as securities for banking facilities granted.

Other comments to paragraph 1(b)(ii)

Not applicable.

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

	Q2 ended 30.09.08 S\$'000	Q2 ended 30.09.07 S\$'000
Operating activities		
Profit (loss) before income tax	5,522	(7,164)
Adjustments for:		
Allowance for doubtful debts	112	0
Allowance for stock obsolescence	146	0
Depreciation and amortisation	8,146	9,173
Dividend income from available-for-sale investments	(44)	(69)
Finance costs, net	2,972	4,645
Gain on disposal of interest in subsidiaries	(4,017)	0
Impairment loss on property, plant and equipment	1,102	0
Interest income	(201)	(699)
Loss on disposal of property, plant and equipment	63	21
Property, plant and equipment written off	159	20
Realised loss (gain) on commodity contracts	9,694	(33)
Share of results of associates	(4,417)	(4,091)
Unrealised fair value (gain) loss of commodity contracts	(3,363)	21,271
Unrealised foreign exchange loss (gain)	5,362	(2,276)
Operating profit before working capital changes	21,236	20,798
Stocks	2,484	(13,350)
Debtors	21,984	(27,585)
Deposits and prepayments	159	2,318
Creditors and accrued charges	(4,644)	21,606
Cash from operations	41,219	3,787
Interest received	444	298
Interest paid	(3,180)	(4,152)
Income tax paid	(423)	(534)
Net cash from (used in) operating activities	38,060	(601)
Investing activities		
Additional investment in an associate	(10,350)	0
Disposal of a subsidiary, net of cash received	(164)	0
Dividends received from associates	2,369	2,029
Dividends received from available-for-sale investments	44	69
Proceeds on disposal of property, plant and equipment	34	209
Proceeds from disposal of equity interests in a subsidiary	4,000	0
Purchase of property, plant and equipment	(4,838)	(8,475)
Net cash used in investing activities	(8,905)	(6,168)

	Q2 ended 30.09.08 S\$'000	Q2 ended 30.09.07 S\$'000
Financing activities		
Bank loans obtained	268	17,772
Capital contributions from minority shareholders	0	1,895
Dividends paid	(2,742)	(2,742)
Dividends paid to minority shareholders	(832)	(267)
Issue of shares	0	52
Repayment of obligations under finance leases	(144)	(183)
Net cash (used in) from financing activities	(3,450)	16,527
Net increase in cash and cash equivalents	25,705	9,758
Cash and cash equivalents at beginning of period	37,036	43,952
Effect of exchange rate changes on the balance of cash held in foreign currencies	747	(1,624)
Cash and cash equivalents at end of period	63,488	52,086
Cash and cash equivalents at end of period comprise:		
Bank balances and cash	66,785	54,588
Bank overdrafts	(3,297)	(2,502)
	63,488	52,086
Disposal of a subsidiary, net of cash received:		
The Group disposed 19% interest in Ningbo Fengyin Battery Co Ltd resulting in the Company becoming a 32%-owned associate of the Group:		
Non-current assets	1,578	0
Current assets	8,739	0
Current liabilities	(7,195)	0
Minority interests	(1,530)	0
Net assets disposed	1,592	0
Equity interest retained as associates	(999)	0
Gain on disposal	37	0
Total consideration	630	0
Less: Consideration receivable	(630)	0
Less: Cash and cash equivalents disposed	(164)	0
Cash outflow on disposal, net of cash received	(164)	0

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share capital S \$'000	Capital reserve S \$'000	Legal reserve S \$'000	Translation reserve S \$'000	Property/ asset revaluation reserve S \$'000	Dividend reserve S \$'000	Retained profits S \$'000	Share option reserve S \$'000	Fair value reserve S \$'000	Hedging reserve S \$'000	Attributable to equity holders of the Company S \$'000	Minority interests S \$'000	Total S \$'000
Balance at 30.06.08	230,971	(35,507)	9,386	(104,254)	2,151	2,742	170,312	1,133	(2,916)	(155)	273,863	47,351	321,214
Translation gain	0	0	0	17,253	0	0	0	0	0	0	17,253	2,229	19,482
Arising on cashflow hedge	0	0	0	0	0	0	0	0	0	(289)	(289)	0	(289)
Net gain (loss) recognised directly in equity	0	0	0	17,253	0	0	0	0	0	(289)	16,964	2,229	19,193
Profit (loss) for current period	0	0	0	0	0	0	2,906	0	0	0	2,906	898	3,804
Total profit (loss) recognised for the period	0	0	0	17,253	0	0	2,906	0	0	(289)	19,870	3,127	22,997
Dividends paid	0	0	0	0	0	(2,742)	0	0	0	0	(2,742)	0	(2,742)
Dividends proposed	0	0	0	0	0	1,207	(1,207)	0	0	0	0	0	0
Dividends paid to minority shareholders	0	0	0	0	0	0	0	0	0	0	0	(832)	(832)
Effect of shareholding changes on minority interests	0	0	0	0	0	0	0	0	0	0	0	(1,530)	(1,530)
Transfer to (from) reserves	0	0	382	0	0	0	(382)	0	0	0	0	0	0
Balance at 30.09.08	230,971	(35,507)	9,768	(87,001)	2,151	1,207	171,629	1,133	(2,916)	(444)	290,991	48,116	339,107

The Group	Share capital S \$'000	Capital reserve S \$'000	Legal reserve S \$'000	Translation reserve S \$'000	Property/ asset revaluation reserve S \$'000	Dividend reserve S \$'000	Retained profits S \$'000	Share option reserve S \$'000	Fair value reserve S \$'000	Attributable to equity holders of the Company S \$'000	Minority interests S \$'000	Total S \$'000
Balance at 30.06.07	230,919	(35,507)	8,704	(80,324)	3,065	2,740	182,799	1,133	(2,544)	310,985	48,500	359,485
Translation gain (loss)	0	0	0	(1,678)	0	0	0	0	0	(1,678)	95	(1,583)
Net fair value changes on on available-for-sale investments	0	0	0	0	0	0	0	0	(320)	(320)	0	(320)
Net gain (loss) recognised directly in equity	0	0	0	(1,678)	0	0	0	0	(320)	(1,998)	95	(1,903)
Profit (loss) for current period	0	0	0	0	0	0	(8,965)	0	0	(8,965)	578	(8,387)
Total profit (loss) recognised for the period	0	0	0	(1,678)	0	0	(8,965)	0	(320)	(10,963)	673	(10,290)
Issue of shares	52	0	0	0	0	0	0	0	0	52	0	52
Capital contribution	0	0	0	0	0	0	0	0	0	0	1,895	1,895
Dividends paid	0	0	0	0	0	(2,740)	(2)	0	0	(2,742)	0	(2,742)
Dividends proposed	0	0	0	0	0	1,207	(1,207)	0	0	0	0	0
Dividends paid to minority shareholders	0	0	0	0	0	0	0	0	0	0	(267)	(267)
Balance at 30.09.07	230,971	(35,507)	8,704	(82,002)	3,065	1,207	172,625	1,133	(2,864)	297,332	50,801	348,133

The Company	Share capital S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Share option reserve S\$'000	Total equity S\$'000
Balance at 30.06.08	230,971	2,742	81,556	1,133	316,402
Loss for the period	0	0	(315)	0	(315)
Dividends paid	0	(2,742)	0	0	(2,742)
Dividends proposed	0	1,207	(1,207)	0	0
Balance at 30.09.08	230,971	1,207	80,034	1,133	313,345
Balance at 30.06.07	230,919	2,740	89,261	1,133	324,053
Issue of shares	52	0	0	0	52
Loss for the period	0	0	(15,911)	0	(15,911)
Dividends paid	0	(2,740)	(2)	0	(2,742)
Dividends proposed	0	1,207	(1,207)	0	0
Balance at 30.09.07	230,971	1,207	72,141	1,133	305,452

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no movement in the share capital of the Company from 30 June 2008 to 30 September 2008.

The total number of shares that may be issued on exercise of all outstanding share options granted under the Company's Executives' Share Option Scheme are as follows:

Share option	Date of Expiry	Exercise Price per each ordinary share	As at 30.09.08	As at 30.09.07
1999 Scheme				
No. 1	16 March 2010	S\$1.41	375,000	375,000
No. 2	10 October 2010	S\$1.60	517,000	517,000
No. 3	4 August 2012	S\$1.25	871,000	871,000
No. 4	24 June 2013	S\$2.50	2,280,000	2,280,000
No. 4	24 June 2008	S\$2.50	0	100,000
			<u>4,043,000</u>	<u>4,143,000</u>

As at 30 September 2008, the Company did not hold any of its issued shares as treasury shares (30 September 2007:Nil).

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	30.09.08	31.03.08
Total number of issued shares	109,687,168	109,687,168
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>109,687,168</u>	<u>109,687,168</u>

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

As at 30 September 2008, there was no sales, transfers, disposals, cancellation and/or use of treasury shares.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the financial year ended 31 March 2008.

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.

Not applicable.

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.

	Q2 ended 30.09.08	Q2 ended 30.09.07	YTD 30.09.08	YTD 30.09.07
Earnings per ordinary share for the period after deducting any provision for preference dividends:				
(a) Based on weighted average number of ordinary shares in issue	2.65 cents	(8.17) cents	2.77 cents	(5.10) cents
(b) On a fully diluted basis	2.65 cents	(8.17) cents	2.77 cents	(5.10) cents
Weighted average number of ordinary shares	109,687,168	109,673,712	109,687,168	109,646,403

For earnings per ordinary share calculation, the weighted average number of ordinary shares for the period represents the number of ordinary shares in issue at the beginning of the period adjusted for shares issued upon exercise of options, multiplied by a time-weighted factor. For the purpose of calculating the diluted earnings per ordinary shares, the weighted average number of ordinary shares in issue had been adjusted to reflect the effect of all potentially dilutive ordinary shares from the exercise of all outstanding share options.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30.09.08 S\$	31.03.08 S\$	30.09.08 S\$	31.03.08 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.65	2.53	2.86	2.95

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover for the three months and six months ended 30 September 2008 was S\$241.9 million and S\$463.9 million respectively, a decrease of 17% and 11% over the corresponding period last year.

Sales of Nickel Metal Hydride (NiMH) rechargeable batteries registered a decline because of change in sales mix. Sales of primary cylindrical batteries remained steady. Asia reported steady turnover while exports to other regions experienced a slight decrease.

Gross profit margin for the three months and six months ended 30 September 2008 was 16.0% and 16.8% respectively as compared to 16.6% and 19.0% for the corresponding period last year. The decrease in gross profit margin was attributable to a realised loss on commodity hedging contracts which matured during the six months ended 30 September 2008 as compared to a realised gain recognised in the corresponding period last year. Excluding the gain and loss arising from commodity hedging contracts, profit margin had improved to 20% from 16% in the same period last year.

Outstanding commodity hedging contracts as at 30 September 2008 were measured at fair value in accordance with FRS39 resulting in an unrealised gain of S\$3.4 million for the second quarter (quarter ended 30 September 2007: unrealised loss of S\$ 21.3 million); and an unrealised loss of S\$1.4 million for the 6 months ended 30 September 2008 (six month ended 30 September 2007: S\$47.7 million). The Group has outstanding non-deliverable commodity hedging contracts in respect of the purchase of 517 metric tonnes of LME nickel as at 30 September 2008. These contracts cover about 50% of the Group's consumption of nickel in the second half of this financial year. All outstanding contracts will expire before the end of the financial year.

The Group continued to operate in a difficult environment facing challenges from global economic slowdown, volatile currencies and material prices and rising operating costs in China. As a result of continuing cost saving measures, distribution expenses for the three months and six months ended 30 September 2008 had decreased by 6.7% and 5.1% respectively over the corresponding period while administrative expenses only increased marginally.

Finance costs for the three months and six months ended 30 September 2008 was S\$3.0 million and S\$6.1 million respectively, a decrease of 36% and 35% over the corresponding period last year due to lower bank borrowings as well as lower interest rates.

Exchange loss for the three months and six months ended 30 September 2008 was S\$4.8 million and S\$3.5 million respectively mainly due to an unrealised loss on revaluation of US dollar-denominated bank borrowings.

The newly formed joint-venture with Hunan Corun New Energy Company Limited to produce NiMH batteries for hybrid electric vehicles in China has progressed well. Pilot production is expected to commence in the last quarter of this financial year.

The Group is continuing its cooperation with Boston Power to produce the next generation of notebook computer batteries. The production facilities in Taiwan have been audited and approved by one of the major notebook computer makers. Commercial shipment is expected to commence in early 2009. In the next financial year, the Group expects the capacity in Taiwan to be fully utilized.

The Group has disposed of 20% and 19% interest respectively in two subsidiaries, Bolder Technologies Pte Ltd and Ningbo Fengyin Battery Co., Ltd. Through a wholly-owned subsidiary, it has acquired an additional 15% interest thereby increasing our stake to 45% in STL Corporation, a group of companies engaged in the business of electronic design and assembly of battery packs primarily for notebook computers.

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

These results are in line with the statement made by the Company in the announcement of results on 13 August 2008 for the financial period ended 30 June 2008.

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.

Business outlook for the coming year is uncertain, with the looming global recession and credit contraction. Margin will be under pressure due to the volatility of currencies and commodity prices. The Group will take every necessary measure to weather this storm. It aims to maintain GP's market position for consumer batteries in our key markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	1.1 cents per ordinary share
Tax rate	Tax-exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	1.1 cents per ordinary share
Tax rate	Tax-exempt

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Confirmation by the Board Pursuant to Rule 705(4) of the Listing Manual

We, Andrew Ng Sung On and Richard Ku Yuk Hing, being two directors of GP Batteries International Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for second quarter ended 30 September 2008 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Andrew Ng Sung On
Chairman and Chief Executive

Richard Ku Yuk Hing
Vice Chairman

12 November 2008