

## MEDIA RELEASE

13 August 2008

### GP Batteries Announces its Unaudited First Quarter Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited first quarter results:

	Q1 Ended 30/06/08 S\$'000	Q1 Ended 30/06/07 S\$'000	% of Change + / (-)
Revenue	222,036	229,778	(3.4)
Profit attributable to equity holders of the company	127	3,369	(96.2)
Basic Earnings Per Share (S Cents)	0.12	3.07	(96.1)

### Business Review of GP Batteries

Turnover for the three months ended 30 June 2008 was S\$222.0 million, a decrease of 3.4% over the corresponding period last year. Profit after tax attributable to equity holders of the Company for the first quarter was S\$0.1 million, against S\$3.4 million for the same quarter in the preceding year.

Sales across product mix generally decreased but were mitigated by a 23% growth in sales of Nickel Metal Hydride (NiMH) rechargeable batteries. Sales to Japan and Taiwan increased by about 43% and 30% respectively mainly attributed to increase in demand from industrial/OEM accounts. There was a decrease in sales to other geographical regions because of the Group's effort to improve its operating margin.

Gross profit for the first quarter ended 30 June 2008 was 18% as compared to 22% for the quarter ended 30 June 2007. The decrease in gross profit margin was attributable to a realized loss of S\$5.0 million on commodity contracts which matured during the three months ended 30 June 2008 (Quarter ended 30 June 2007: Realised Gain of S\$13.9 million). Outstanding commodity contracts as at 30 June 2008 were measured at fair values in accordance with FRS 39 resulting in an unrealized loss of S\$4.8 million for the first quarter (Quarter ended 30 June 2007: S\$26.4 million). Most of these outstanding contracts will expire before end of this calendar year.

While the Group had entered into commodity swap contracts to manage fluctuating raw material prices, efforts had not been spared in stepping up cost controls and improving margins. Excluding the gain and loss arising from commodity contracts and disposal of available-for-sale investments, operating profits had improved as compared to the same period last year despite rising costs and volatility of material prices.

Finance costs for the three months ended 30 June 2008 were S\$3.1 million, a decrease of 33% over the corresponding period due to lower interest rates.

In order to capitalize on the rising interest in electric transportation, the Group is pursuing different opportunities in China to produce Nickel Metal Hydride batteries for hybrid electric vehicles. Some of these opportunities are likely to materialize in the next 12 months.

The Group has commenced to ship small quantities of notebook computer batteries to Boston Power in June 2008.

In June 2008, the Group acquired an additional 50% equity interest in Aim High Group Limited ("Aim High") thereby making Aim High a wholly-owned subsidiary of the Group. This acquisition will enable the Group to expand its core business by extending its marketing and network presence in Eastern Europe particularly Russia.

### **Prospects of GP Batteries**

The Group expects sales turnover to remain steady although the general operating environment will continue to be challenging. Margin will be uncertain amidst fluctuating raw material prices and foreign currency exchange rates. However, on-going cost control and streamlining of operations will put the Group in a better position to weather through this difficult business environment.

The Group will continue to extend its presence in the emerging markets and promote its GP brand. With increasing interest in electric-powered transport, the Group is poised to exploit this trend for future potential growth.

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### **Enquiries:**

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