

Third Quarter Financial Statement for the Period Ended 31 December 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 third quarter ("Q3") and the nine-month ("YTD") ended 31 December 2008. These figures have not been audited.

	Q3 ended 31.12.08 S\$'000	Q3 ended 31.12.07 S\$'000	Change %	YTD ended 31.12.08 S\$'000	YTD ended 31.12.07 S\$'000	Change %
Revenue	218,659	257,908	(15.2)	682,600	779,086	(12.4)
Cost of sales	(184,961)	(221,071)	(16.3)	(570,786)	(643,072)	(11.2)
Gross profit	33,698	36,837	(8.5)	111,814	136,014	(17.8)
Other operating income	861	1,400	(38.5)	6,671	4,233	57.6
Distribution expenses	(14,349)	(14,954)	(4.0)	(40,322)	(42,330)	(4.7)
Administrative expenses	(22,939)	(23,202)	(1.1)	(67,275)	(66,855)	0.6
Other operating expenses	(1,283)	(432)	197.0	(3,030)	(1,032)	193.6
Finance costs, net	(3,260)	(4,898)	(33.4)	(9,367)	(14,228)	(34.2)
Exchange (loss) gain, net	(3,537)	1,638	n/m	(7,090)	2,878	n/m
Unrealised fair value gain (loss) of commodity contracts	11,818	(1,231)	n/m	10,400	(48,937)	n/m
Exceptional item	0	0	-	0	16,658	n/m
Profit (loss) before share of results of associates	1,009	(4,842)	n/m	1,801	(13,599)	n/m
Share of results of associates	933	3,909	(76.1)	8,123	10,486	(22.5)
Profit (loss) before income tax	1,942	(933)	n/m	9,924	(3,113)	n/m
Income tax	(857)	(622)	37.8	(3,900)	(3,019)	29.2
Profit (loss) after income tax	1,085	(1,555)	n/m	6,024	(6,132)	n/m
Attributable to:						
Equity holders of the Company	253	(2,094)	n/m	3,286	(7,690)	n/m
Minority interests	832	539	54.4	2,738	1,558	75.7
	1,085	(1,555)	n/m	6,024	(6,132)	n/m

n/m denotes 'not meaningful'

	Q3 ended 31.12.08 S\$'000	Q3 ended 31.12.07 S\$'000	YTD ended 31.12.08 S\$'000	YTD ended 31.12.07 S\$'000
Profit from operations is arrived at after crediting (charging) the following:				
Depreciation and amortisation	(8,601)	(8,655)	(25,156)	(27,200)
Realised (loss) gain on commodity contracts, recognised in cost of sales	(16,075)	(5,234)	(30,762)	8,697
Included in other operating income:				
Gain on disposal of equity interests in subsidiaries	0	0	4,017	0
Interest income	490	477	1,035	1,365
Included in other operating expenses:				
Impairment loss on property, plant and equipment	(472)	0	(1,574)	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	
	31.12.08 S\$'000	31.03.08 S\$'000	31.12.08 S\$'000	31.03.08 S\$'000
Non-current assets				
Investment properties	1,299	1,239	0	0
Property, plant and equipment	270,504	263,128	377	494
Interest in subsidiaries	0	0	493,673	493,693
Interest in associates	66,456	56,057	11,753	11,753
Available-for-sale investments	8,129	7,788	0	0
Deferred tax assets	2,429	2,967	0	0
Intangible assets	10,947	13,753	0	0
Goodwill on consolidation	23,363	14,170	0	0
Deposits	0	14,401	0	0
Total non-current assets	383,127	373,503	505,803	505,940
Current Assets				
Stocks	141,150	148,435	0	0
Debtors	214,069	198,887	79,036	61,175
Derivative financial instruments	0	93	0	93
Tax recoverable	718	767	0	0
Deposits and prepayments	6,392	6,800	519	344
Bank balances and cash	64,331	64,221	7,957	24,232
Total current assets	426,660	419,203	87,512	85,844
Current Liabilities				
Creditors and accrued charges	166,145	141,498	55,106	42,472
Derivative financial instruments	1,280	11,419	1,088	8,200
Obligations under finance leases	266	539	0	0
Income tax payable	5,958	2,623	912	1,015
Bank loans and overdrafts	279,112	91,999	214,072	20,654
Notes	0	59,972	0	59,972
Total current liabilities	452,761	308,050	271,178	132,313
Net current assets (liabilities)	(26,101)	111,153	(183,666)	(46,469)
Non-current liabilities				
Bank loans	18,673	153,503	0	135,559
Obligations under finance leases	497	800	0	0
Deferred tax liabilities	3,910	4,583	65	65
Total non-current liabilities	23,080	158,886	65	135,624
	333,946	325,770	322,072	323,847
Represented by				
Share capital	230,971	230,971	230,971	230,971
Reserves	55,769	46,852	91,101	92,876
Attributable to equity holders of the Company	286,740	277,823	322,072	323,847
Minority interests	47,206	47,947	0	0
	333,946	325,770	322,072	323,847

The increase in interest in associates of S\$10.4 million was mainly due to:

- acquisition of 15% additional equity interest in STL Corporation (“STL”) offset by;
- disposal of 19% equity interest in Ningbo Fengyin Battery Co., Ltd (“NBFY”) resulting in NBFY becoming an associated company instead of a subsidiary before the disposal.

The decrease in non-current liabilities of S\$135.8 million was mainly due to reclassification of bank loans repayable within 12 months to current liabilities.

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

Amount repayable in one year or less, or on demand

As at 31.12.08		As at 31.03.08	
Secured	Unsecured	Secured	Unsecured
S\$266,000	S\$279,112,000	S\$539,000	S\$151,971,000

Amount repayable after one year

As at 31.12.08		As at 31.03.08	
Secured	Unsecured	Secured	Unsecured
S\$497,000	S\$18,673,000	S\$800,000	S\$153,503,000

Details of any collateral

Carrying amount of fixed assets in respect of certain motor vehicles and equipment held under finance leases:

As at 31.12.08		As at 31.03.08	
The Group	The Company	The Group	The Company
S\$622,000	Nil	S\$1,034,000	Nil

Land and buildings with a total carrying amount of S\$2,842,000 (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.

	Q3 ended 31.12.08 S\$'000	Q3 ended 31.12.07 S\$'000
Operating activities		
Profit (loss) before income tax	1,942	(933)
Adjustments for:		
Allowance for doubtful debts	748	0
Allowance for stock obsolescence	1,741	0
Depreciation and amortisation	8,601	8,655
Dividend income from available-for-sale investments	0	(67)
Finance costs, net	3,260	4,898
Gain on disposal of an associate	(219)	0
Impairment loss on property, plant and equipment	472	0
Interest income	(490)	(477)
Loss on disposal of property, plant and equipment	134	42
Property, plant and equipment written off	516	149
Realised loss on commodity contracts	16,075	5,234
Share of results of associates	(933)	(3,909)
Unrealised fair value (gain) loss of commodity contracts	(11,818)	1,231
Unrealised foreign exchange loss (gain)	1,276	(1,614)
Operating profit before working capital changes	21,305	13,209
Stocks	8,554	25,431
Debtors	19,138	24,224
Deposits and prepayments	1,500	433
Creditors and accrued charges	(25,517)	(36,775)
Cash from operations	24,980	26,522
Interest received	501	459
Interest paid	(1,852)	(4,494)
Income tax paid	(1,973)	(1,305)
Net cash from operating activities	21,656	21,182
Investing activities		
Acquisition of available-for-sale investments	(526)	0
Additional investment in an associate	(2,587)	(331)
Dividends received from associates	1,911	3,182
Dividends received from available-for-sale investments	0	67
Proceeds on disposal of property, plant and equipment	19	51
Proceeds from disposal of a subsidiary	630	0
Proceeds from disposal of an associate	1,168	0
Purchase of property, plant and equipment	(17,341)	(12,215)
Net cash used in investing activities	(16,726)	(9,246)

	Q3 ended 31.12.08 S\$'000	Q3 ended 31.12.07 S\$'000
Financing activities		
Bank loans (repaid) obtained	(6,249)	10,512
Dividends paid	(1,207)	(1,207)
Dividends paid to minority shareholders	(1,808)	(56)
Repayment of obligations under finance leases	(151)	(99)
Net cash (used in) from financing activities	<u>(9,415)</u>	<u>9,150</u>
Net (decrease) increase in cash and cash equivalents	(4,485)	21,086
Cash and cash equivalents at beginning of period	63,488	52,086
Effect of exchange rate changes on the balance of cash held in foreign currencies	269	(1,733)
Cash and cash equivalents at end of period	<u>59,272</u>	<u>71,439</u>
Cash and cash equivalents at end of period comprise:		
Bank balances and cash	64,331	76,706
Bank overdrafts	(5,059)	(5,267)
	<u>59,272</u>	<u>71,439</u>

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 30.09.08	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
Translation gain (loss) Arising on cashflow hedge	0	0	0	(1,962)	0	0	0	0	0	0	(1,962)	66	(1,896)
Net fair value changes on on available-for-sale investments	0	0	0	0	0	0	0	0	0	256	256	0	256
Net gain (loss) recognised directly in equity	0	0	0	(1,962)	0	0	0	0	(1,591)	256	(3,297)	66	(3,231)
Profit (loss) for current period	0	0	0	0	0	0	253	0	0	0	253	832	1,085
Total profit (loss) recognised for the period	0	0	0	(1,962)	0	0	253	0	(1,591)	256	(3,044)	898	(2,146)
Dividends paid Dividends paid to minority shareholders	0	0	0	0	0	(1,207)	0	0	0	0	(1,207)	0	(1,207)
Transfer to (from) reserves	0	0	382	0	0	0	(382)	0	0	0	0	(1,808)	(1,808)
Balance at 31.12.08	230,971	(35,507)	10,150	(88,963)	2,151	0	171,500	1,133	(4,507)	(188)	286,740	47,206	333,946

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 30.09.07	230,971	(35,507)	8,704	(82,002)	3,065	1,207	172,625	1,133	(2,864)	297,332	50,801	348,133
Translation gain (loss)	0	0	0	(11,696)	0	0	0	0	0	(11,696)	(847)	(12,543)
Net fair value changes on on available-for-sale investments	0	0	0	0	0	0	0	0	286	286	0	286
Net gain (loss) recognised directly in equity	0	0	0	(11,696)	0	0	0	0	286	(11,410)	(847)	(12,257)
Profit (loss) for current period	0	0	0	0	0	0	(2,094)	0	0	(2,094)	539	(1,555)
Total profit (loss) recognised for the period	0	0	0	(11,696)	0	0	(2,094)	0	286	(13,504)	(308)	(13,812)
Dividends paid	0	0	0	0	0	(1,207)	0	0	0	(1,207)	0	(1,207)
Dividends paid to minority shareholders	0	0	0	0	0	0	0	0	0	0	(56)	(56)
Balance at 31.12.07	230,971	(35,507)	8,704	(93,698)	3,065	0	170,531	1,133	(2,578)	282,621	50,437	333,058

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 30.09.08	230,971	1,207	80,034	1,133	313,345
Profit for the period	0	0	9,934	0	9,934
Dividends paid	0	(1,207)	0	0	(1,207)
Balance at 31.12.08	<u>230,971</u>	<u>0</u>	<u>89,968</u>	<u>1,133</u>	<u>322,072</u>
Balance at 30.09.07	230,971	1,207	72,141	1,133	305,452
Profit for the period	0	0	3,340	0	3,340
Dividends paid	0	(1,207)	0	0	(1,207)
Balance at 31.12.07	<u>230,971</u>	<u>0</u>	<u>75,481</u>	<u>1,133</u>	<u>307,585</u>

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 September 2008 to 31 December 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 31.12.08	As at 31.12.07
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
			4,043,000	4,143,000

As at 31 December 2008, the Company did not hold any of its issued shares as treasury shares (31 December 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	31.12.08	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 31 December 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.

	Q3 ended 31.12.08	Q3 ended 31.12.07	YTD 31.12.08	YTD 31.12.07
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	0.23 cents	(1.91) cents	3.00 cents	(7.01) cents
(b) On a fully diluted basis	0.23 cents	(1.91) cents *	3.00 cents	(7.01) cents *
Weighted average number of ordinary shares	109,687,168	109,687,168	109,687,168	109,660,041

* There were no dilutive effect

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	
	31.12.08 S\$	31.03.08 S\$	31.12.08 S\$	31.03.08 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.61	2.53	2.94	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 nine months ended 31 December 2008 was S\$218.7 million and S\$682.6 million respectively, a decrease of 15.2% and 12.4% over the corresponding period last year.

Sales of Nickel Metal Hydride (NiMH) rechargeable batteries for the three months ended 31 December 2008 registered a decline of about 30% as compared to the corresponding period last year but there was a 21% increase in sales of 9-volt Alkaline and Carbon Zinc batteries. North & South America and Europe experienced a dip in turnover by about 30% and 25% respectively.

Gross profit margin for the three months and nine months ended 31 December 2008 was 15.4% and 16.4% respectively as compared to 14.3% and 17.5% 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 nine months ended 31 December 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 20.9% from 16.3% in the same period last year.

Outstanding commodity hedging contracts as at 31 December 2008 were measured at fair value in accordance with FRS39 resulting in an unrealised gain of S\$11.8 million for the third quarter (quarter ended 31 December 2007: unrealised loss of S\$ 1.2 million); and an unrealised gain of S\$10.4 million for the nine months ended 31 December 2008 (nine months ended 31 December 2007: unrealised loss of S\$48.9 million). The Group has outstanding non-deliverable commodity hedging contracts in respect of the purchase of 43 metric tonnes of LME nickel as at 31 December 2008. All the contracts will expire before the end of this financial year.

Finance costs for the three months and nine months ended 31 December 2008 was S\$3.3 million and S\$9.4 million respectively, a decrease of 33.4% and 34.2% over the corresponding period last year due to lower interest rates.

Exchange loss for the three months and nine months ended 31 December 2008 was S\$3.5 million and S\$7.1 million respectively mainly due to unrealised losses on revaluation of US dollar-denominated bank borrowings.

Decrease in contribution from associated companies was mainly due to the abrupt slowdown in demand of notebook computer battery pack toward the end of the quarter.

Because of reclassification of bank loans from non-current liabilities to current liabilities, the Group had net current liabilities of S\$26.1 million as at 31 December 2008. The Group will explore different means to rectify this situation, which include refinancing through internal resources given its own positive operating cashflow.

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.

The Group acquired an additional 15% equity interest in GP Batteries (China) Limited thereby, making the latter a wholly-owned subsidiary. It has disposed of its entire 50% equity interest in an associated company, Advanced Technology Co., Limited. The Group's interest in STL Group has been diluted temporarily to about 37.3% due to an ongoing restructuring to effect the acquisition by China Development Industrial Bank of an intended 15% shareholding interest in the ultimately restructured STL Group. At the same time, STL Group is also preparing for a potential listing in Taiwan.

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 12 November 2008 for the financial period ended 30 September 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.

The Group has entered into an agreement with Boston-Power, Inc, a provider of portable power solutions in the US, to develop and manufacture its Sonata's next-generation lithium-ion batteries for notebook computer. The Group will ramp up its manufacturing plant in Taiwan to double the production capacity.

Business outlook is expected to remain uncertain with the deteriorating global economy and credit contraction. The Group will continue with its plant rationalization and cost control measures. It will further explore new business opportunities and strengthen the GP brand name for future growth.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declare/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 third quarter ended 31 December 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 February 2009