GP Batteries International Limited
(Incorporated in the Republic of Singapore)
Co. Reg. No. 199002111N

MEDIA RELEASE

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GP Batteries Announces its Unaudited Third Quarter and Nine-Month Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited third quarter (Q3) and nine-month (YTD) results:

	Q3 Ended 31/12/08 S$'000	Q3 Ended 31/12/07 S$'000	Change %	YTD 31/12/08 S$'000	YTD 31/12/07 S$'000	Change %
Revenue	218,659	257,908	(15.2)	682,600	779,086	(12.4)
Profit/(Loss) attributable to equity holders of the company	253	(2,094)	n/m	3,286	(7,690)	n/m
Basic Earnings Per Share (S Cents)	0.23	(1.91)	n/m	3.00	(7.01)	n/m

n/m denotes "not meaningful"

<u>Business Review of GP Batteries</u>

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.

Prospects of GP Batteries

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.

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