

MEDIA RELEASE

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GP Batteries Announces its Unaudited Second Quarter and Half Year Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited second quarter (Q2) and half year (H1) results:

	Q2 Ended 30/9/08 S\$'000	Q2 Ended 30/9/07 S\$'000	Change %	H1 Ended 30/9/08 S\$'000	H1 Ended 30/9/07 S\$'000	Change %
Revenue	241,905	291,400	(17.0)	463,941	521,178	(11.0)
Profit/(Loss) attributable to equity holders of the company	2,906	(8,965)	n/m	3,033	(5,596)	n/m
Basic Earnings Per Share (S Cents)	2.65	(8.17)	n/m	2.77	(5.10)	n/m
Interim Dividend Per Share (S Cents)	-	-	-	1.1	1.1	-

n/m denotes "not meaningful"

Business Review of GP Batteries

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.

Prospects of GP Batteries

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.

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