

## MEDIA RELEASE

For Immediate Release

10 November 2009

### 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<br>30/9/09<br>S\$'000 | Q2 Ended<br>30/9/08<br>S\$'000<br>(Restated) | Change<br>% | H1 Ended<br>30/9/09<br>S\$'000 | H1 Ended<br>30/9/08<br>S\$'000<br>(Restated) | Change<br>% |
|--|--------------------------------|--|-------------|--------------------------------|--|-------------|
| Revenue  | 216,138                        | 241,905                                      | (10.7)      | 403,377                        | 463,941                                      | (13.1)      |
| Profit attributable to equity holders of the company | 10,349                         | 2,748  | n/m         | 21,016                         | 2,875  | n/m         |
| Basic Earnings Per Share (S Cents)                   | 9.44                           | 2.51   | n/m         | 19.16                          | 2.62   | n/m         |
| Interim Dividend Per Share (S Cents)                 | -                              | -  | -           | 2.0                            | 1.1  | n/m         |

*n/m denotes "not meaningful"*

### Business Review of GP Batteries

Turnover for the three months and six months ended 30 September 2009 was S\$216.1 million and S\$403.4 million respectively, a decrease of 11% and 13% over the corresponding periods last year.

Sales of rechargeable batteries registered a decline by about 24%, a trend witnessed in developed countries. Sales of 9-volt Alkaline and Alkaline primary cylindrical batteries rose by about 34% and 22% respectively while 9-volt Carbon Zinc batteries decreased by about 12%.

Sales across regions generally decreased but it has been cushioned by the 15% rise in sales to North & South America.

Despite the decrease in turnover, gross profit contributions increased by 32% and 20% for the three months and six months ended 30 September 2009 as compared to the corresponding periods last year due to improved margins. Excluding the effect of commodity hedging contracts, gross profit margins for both the three months and six months ended 30 September 2009 improved to approximately 23% from 20% for the corresponding periods last year mainly due to a sales mix with better profit margin. The effects of cost control measures implemented were also apparent as evidenced by the decrease of administrative expenses of 11% and 6% for the three months and six months ended 30 September 2009.

Distribution expenses for the three months and six months ended 30 September 2009 were S\$16.1 million and S\$28.5 million respectively, an increase of 24% and 10% over the corresponding periods last year since we stepped up marketing effort in mainland China.

Finance costs for the three months and six months ended 30 September 2009 were S\$2.2 million and S\$4.9 million respectively, a decrease of 26% and 20% over the corresponding periods last year due to lower interest rates.

Exchange gain for the three months and six months ended 30 September 2009 were S\$2.4 million and S\$6.6 million mainly due to gains on revaluation of US dollar denominated bank borrowings.

The Group had implemented new marketing campaigns to encourage conversion from primary Alkaline batteries to GP ReCyko+ with the slogan "Lasts Longer than Alkaline Batteries". The campaigns were first launched in selected markets and will subsequently be extended to other consumer markets.

To exploit the potential market for plug-in hybrid vehicles conversion, the Group acquired 40% of the total common stock of Plug-In Conversions Corporation ("PCC") in the USA. This allows the Group to sell directly into the after-sales consumer market.

As at 30 September 2009, the Group's cash balance was S\$127.9 million. In October 2009, the Group entered into a Facility Agreement with DBS Bank Ltd and Oversea-Chinese Banking Corporation Limited in respect of a S\$60 million 3-year syndicated transferable term loan facility ("Facility"). Using the proceeds from the Facility, together with the cash balances accumulated, the Group repaid the S\$60 million and US\$45 million syndicated loan facility due in October 2009.

### **Prospects of GP Batteries**

Business outlook is expected to improve with global economy showing signs of recovery. However, volatility of foreign currencies and commodity prices may affect margins. The Group will continue with its cost management to maintain competitiveness.

The Group will further promote GP ReCyko+ rechargeable batteries in developed markets where existing brands of primary batteries are dominant. It will continue to enhance its GP brand management in developing markets for its broad range of primary and rechargeable batteries.

With the global trend towards carbon footprint reduction, the Group will continue to capitalize on opportunities in larger batteries for electric transportation and other applications.

The Group has, through a new US subsidiary "New Vectrix LLC", acquired certain assets of Vectrix Corporation pursuant to a supervised sale under Section 363 of the United States Bankruptcy Code, the details of which were announced on 6 November 2009. The Group is in the process of formulating plans to capitalize on this unexpected opportunity to better establish ourselves as a force in electric transportation.

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