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

MEDIA RELEASE

For Immediate 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 30/9/10 S$'000	Q2 Ended 30/9/09 S$'000	Change %	H1 Ended 30/9/10 S$'000	H1 Ended 30/9/09 S$'000	Change %
Revenue	239,383	216,138	10.8	461,685	403,377	14.5
Profit attributable to equity holders of the company	7,526	10,349	(27.3)	15,586	21,016	(25.8)
Basic Earnings Per Share *(S Cents)*	6.86	9.44	(27.3)	14.21	19.16	(25.8)
Interim Dividend Per Share *(S Cents)*	-	-	-	2.0	2.0	-

Business Review of GP Batteries

Turnover for the three months and six months ended 30 September 2010 was S$239.4 million and S$461.7 million respectively, an increase of 11% and 15% over the corresponding periods last year.

Sales of rechargeable batteries rose by 31% and 21% for the three months and six months ended 30 September 2010 respectively over corresponding periods last year while sales of primary batteries remained steady. Sales had increased across all regions, with sales to Europe registering a 23% increase for the three months ended 30 September 2010 over corresponding period last year.

Profit before income tax for the three months and six months ended 30 September 2010 was S$11.5 million and S$24.4 million respectively. The underlying profit (i.e. profit before income tax after adjustments of other operating income, other operating expenses, and exchange gain/loss) for the three months and six months ended 30 September 2010 was S$11.2 million and S$23.5 million respectively, as compared to S$16.6 million and S$26.1 million respectively in corresponding periods last year. The decrease in underlying profit is mainly attributable to lower gross profit margin. Gross profit margin for the three months and six months ended 30 September 2010 was 21.1% and 21.7% respectively as compared to 23.6% and 23.2% in the corresponding periods last year. Higher operating costs in China due to wage increase and appreciation of Renminbi as well as higher material prices resulted in lower margins. The strength of Singapore dollar has also affected the Group's results as most of the revenue was denominated in US dollar - when such revenue was translated into Singapore dollar, the reported profit of the Group became smaller.

Administrative expenses for the three months and six months ended 30 September 2010 were S$23.0 million and S$46.9 million respectively, an increase of 9% and 13% over the corresponding periods last year. The increase was mainly due to running costs and maintenance expenses incurred in relation to the implementation of SAP system.

Finance costs for the six months ended 30 September 2010 was S$4.4 million, a decrease of 11% over the corresponding period due to lower bank borrowings.

Share of results of associates for the three months and six months ended 30 September 2010 was S$1.9 million and S$4.1 million respectively, a decrease of 62% and 44% over the corresponding periods last year. The slowdown in demand for notebook computer battery packs resulted in lower contributions from associates.

The Company has entered into separate MOUs with the National University of Singapore, the Republic Polytechnic and certain members of A*Star for collaborative research in different areas including battery chemical and battery management systems for electric vehicles (EVs). These cooperations will strengthen our R & D efforts in development of EV batteries.

We have revitalized the market for Vectrix motorbikes and with our marketing efforts, purchase orders are coming in from the US, Europe and Japan.

The lithium batteries produced by our subsidiary in Taiwan for Boston Power are finding new application in EVs.

Prospects of GP Batteries

The Group is seeing signs of market uncertainties. Margins are under pressure due to wage increase in China, appreciation of the Renminbi and the volatility of raw material prices.

In order to remain competitive, the Group is embarking on measures to improve cost effectiveness, including price revision to reflect cost increases. However, it will take time for these measures to impact the results of the Group. The Group will also endeavor to increase productivity via increased automation. Marketing efforts will focus on improving distribution network and timely launch of new products as well as optimizing pricing strategies.

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