

## **MEDIA RELEASE**

For Immediate Release

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### **GP Batteries Announces its Unaudited First Quarter Results**

Mainboard-listed GP Batteries International Limited today announced its unaudited results for the three months ended 30 June 2011.

#### **Highlights of GP Batteries' results**

	<b>Q1 Ended 30/06/11 S\$'000</b>	<b>Q1 Ended 30/06/10 S\$'000</b>	<b>Change %</b>
Revenue	195,169	222,302	(12.2)
Profit attributable to equity holders of the company	2,150	8,060	(73.3)
Basic Earnings Per Share (S Cents)	1.96	7.35	(73.3)

#### **Business Review of GP Batteries**

Turnover for the three months ended 30 June 2011 was S\$195.2 million, a decrease of 12% over the corresponding period last year. As Singapore dollar has strengthened against US dollar, this decrease in turnover when recorded in US dollars was about 1%. Sales in US dollar terms decreased by about 20% in the Americas, while sales in Asia increased by about 4%.

Profit before income tax for the three months ended 30 June 2011 was S\$5.8 million, as compared to S\$12.9 million over the same period last year. Gross profit margin was 20.9% as compared to 22.6%. Margins were lower mainly due to increased labour costs in China, appreciation of Renminbi and higher material prices.

Distribution expenses were S\$13.8 million, a decrease of 22% over the corresponding period last year. This was mainly due to reduction of promotion expenses as a result of focusing of marketing efforts in selected markets.

Finance costs were S\$1.8 million, a decrease of 15% over the corresponding period due to lower bank borrowings.

Share of results of associates was S\$0.1 million as compared to S\$2.2 million for the corresponding period last year. As an associate, Ningbo Fubang Battery Co Ltd, became a subsidiary in January 2011, its results were no longer accounted for under share of results of associates. The lower contributions from associates were also due to a slowdown in demand for notebook computer battery packs.

Prices for rare earth used in the production of Nickel Metal Hydride batteries took an unexpected jump of more than 100% during the quarter under review. In fact, the price of rare earth had increased by 8-fold at 30 June 2011 as compared to the price at 30 June 2010. This had a strong negative impact on the Group's material cost.

To offset cost increases, the Group has been aggressively adjusting prices, consolidating customer base and streamlining distribution channels worldwide. The Group believes its competitive position is still maintained as its competitors are faced with identical challenges.

### **Prospects of GP Batteries**

Business outlook remains uncertain with the current economic problems in the US and Europe. Cost increase in the near future seems to be unavoidable. Apart from cost reduction in the Group's operations, the biggest challenge will be passing on the cost increase to customers without alienating them.

The Group will continue to focus on core and emerging markets on the consumer side and new applications on the industrial side. Meanwhile, e-transportation will remain as one of the Group's top priorities.

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