

Review of Operations

For the financial year under review, turnover increased mainly due to the 56% rise in sales of Nickel Metal Hydride ("NiMH") rechargeable batteries and the approximately 10% rise in primary cylindrical batteries. However, there is a 17% decline in 9-volt Alkaline and Carbon Zinc batteries.

Overall, turnover across regions increased, especially in North and South America, Europe, Japan and Hong Kong where each market registered a rise of 36%, 33%, 30% and 13% respectively.

During the year, the Group had entered into commodity swap contracts to manage the fluctuating raw material prices. It recognized a realized gain of S\$5.8 million on matured commodity contracts. If the impact of realized gain is taken out, the gross profit margin would be relatively steady despite volatility of materials prices and increased costs. Outstanding commodity contracts as of 31 March 2008 measured at fair values in accordance with FRS 39 resulted in an unrealized loss of S\$36.0 million for the year.

The Group will try to reduce its working capital and streamline operations during the year.

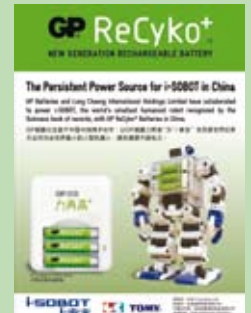


Rechargeable Batteries

The rechargeable batteries continued to be a main contributor to the Group's turnover. Customer base and distribution network have remained strong and the Group has maintained its technology leadership position in the NiMH industrial market. GP ReCyko⁺, the new generation ready-to-use NiMH rechargeable batteries, have received good market response, and the Group will continue to expand its business in the consumer market.

Capitalizing on the growing trend towards solar energy, the Group has introduced a light-weight and durable GP Solar Charger for NiMH rechargeable batteries. It has also continued to innovate and to expand the range of GP PowerBank chargers to meet different customer needs.

In China, GP PowerBank charger has been ranked No. 1 in charger sales in 2007 according to a survey conducted by the National Bureau of Statistics of China. In Hong Kong, AC Nielsen's MarketTrack reported that GP rechargeable and charger were ranked first in sales volume and value for their respective category for four consecutive years from 2004 to 2007. The Group has collaborated with a customer to introduce the world's smallest humanoid robot recognized by the Guinness book of records, bundling it with GP ReCyko⁺ batteries.



Review of Operations



The Group is moving steadily with strategic customers to develop different Lithium chemistries such as Lithium Ferro Phosphate and Lithium Manganese battery systems for use in high power applications such as power tools. During the last two quarters of the financial year, the Group has been working with Boston Power, a research company in the US, to establish production of their proprietary Lithium-ion notebook computer battery.

Primary Batteries

Turnover for primary cylindrical batteries continued to enjoy steady growth. Production of Alkaline Cylindrical batteries reached a record of over 1.2 billion pieces for the year. Production of Carbon Zinc cylindrical cells also reached its record high which exceeded 1 billion pieces for the year.

In Hong Kong, according to AC Nielsen's MarketTrack report, GP Ultra Alkaline battery was ranked No. 1 for four consecutive years from 2004 to 2007 in terms of sales volume.

Electric Vehicle Batteries

The Group has continued to work with key customers on supplying state-of-the-art NiMH batteries for electric-powered transport. It has also started pilot production of Lithium Ferro Phosphate rechargeable batteries for application in electric vehicles and hybrid electric vehicles.



Environment, Health & Safety (“EHS”)

The EHS Management Joint Committee has continued to achieve good results in the EHS performance to benefit employees, customers and the public while achieving its business goals and producing quality and environmentally-friendly products.

The Group continued to strive for certification of its factories, which serves as an independent third party review and validation of its EHS systems. At present, twelve factories were ISO 14001 certified, ten were OHSAS 18001 certified and five were HSPM QC080000 certified. Employee training and education have been ongoing to reiterate the importance of preventive, rather than remedial actions to ensure a safe and conducive work environment. Through workers' active participation together with appropriate protective systems in place, the injury frequency rate has reduced by about 60% while injury severity rate has reduced by about 30% over the past year.

The Group is most glad that its EHS effort has received recognition and acknowledgement. As a result of its continuous and broad-based projects implemented over the past year, ten of its factories in China were named the “Green Medalists” by the “One Factory-One Year-One Environmental Project” of the Federation of Hong Kong Industries. In addition, the Group has reaped wider benefits from these projects, including greater energy and water savings.

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Community Involvement

Putting into actions the Group's philosophy of reciprocating the communities where it operates and providing care to the environment, the Group has undertaken many community projects ranging from tree planting to cleaning up of the countryside.

During the year, the Group launched a two-month consumer promotion campaign for GP ReCyko+ batteries in Hong Kong and the Group donated 3% of the total sales revenue generated to support the Conservancy Association's environment protection programs.

The Group's efforts to encourage "green" awareness and consciousness in the young minds are ongoing. Educational talks, seminars and contests have been held in schools in Singapore, Hong Kong and China. These outreach programs have further advocated greater environmental protection in the local communities.

In the aftermath of the earthquake in Sichuan Province, China in May 2008, the Group has organized fund-raising activities at various factories for relief efforts. The Group also conducted a special one-day sales event in Hong Kong where all sales proceeds at one chain retailer were donated to the earthquake victims.

