

## MEDIA RELEASE

1 November 2007

### 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 30/9/07 S\$'000	Q2 Ended 30/9/06 S\$'000	Change %	H1 Ended 30/9/07 S\$'000	H1 Ended 30/9/06 S\$'000	Change %
Revenue	291,400	225,328	29.3	521,178	412,482	26.4
Profit/(Loss) attributable to equity holders of the company	(8,965)	2,795	n/m	(5,596)	5,028	n/m
Basic Earnings Per Share (S Cents)	(8.17)	2.55	n/m	(5.10)	4.59	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 2007 was S\$291.4 million and S\$521.2 million respectively, an increase of 29% and 26% over the corresponding period last year. Turnover increased mainly due to the gain in market share of Nickel Metal Hydride (NiMH) rechargeable batteries, with sales growth of 57% in the first half of this financial year, as the Group continued to capitalize on market consolidation. Sales of primary cylindrical batteries including Alkaline and Carbon Zinc batteries also recorded strong growth of 13% and 22% respectively in the first half of this financial year.

Sales to Asia for the six months ended 30 September 2007 increased by about 13%, including sales to Hong Kong which rose by 17%. Sales to Europe grew by 54% due to the strong sales to Eastern Europe and Russia. North and South Americas registered a 40% increase in turnover due to private-label sales.

The Group has entered into commodity contracts to manage fluctuating raw material prices. Gross profit for the second quarter was lower at 16.6% but overall gross profit for the six months ended 30 September 2007 was maintained at 19%. This was mainly due to a realized gain of S\$13.9 million on matured commodity contracts recorded in the first quarter. Due to lower commodity prices in the second quarter, an unrealized loss of S\$21.3 million from commodity contracts which were outstanding as at 30 September 2007 has been taken up in the profit and loss account for this quarter in accordance with FRS 39. This has resulted in an overall loss in this quarter despite an improvement in operating profit.

The increase in distribution expenses was mainly due to expenditure incurred for activities to strengthen the Group's market position.

In view of the high nickel price, Vectrix Corporation ("Vectrix"), our customer for NiMH electric motorcycles batteries, has decided not to proceed with the planned joint venture factory. Instead, the Group has entered into a Master Supply Agreement to supply batteries to Vectrix. It will continue to collaborate with Vectrix on the development and supply of other new advanced electric storage products.

### **Prospects of GP Batteries**

The business outlook is expected to improve with increase in sales volume. However, the overall profit outlook continues to be volatile for the coming months as a result of fluctuating raw material prices.

The Group will be introducing new battery products in the coming months. The Taiwan factory will be re-tooled to produce some of these products.

The Group will continue to capitalize on market consolidation to gain further market share and focus its marketing efforts in developing countries.

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### **Enquiries:**

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