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

MEDIA RELEASE

For Immediate Release

4 February 2010

GP Batteries Announces its Unaudited Third Quarter and Nine-Month Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited third quarter (Q3) and nine-month (YTD) results ended 31 December 2009:

	Q3 Ended 31/12/09 S$'000	**Q3 Ended 31/12/08 S$'000** *Restated*	**Change %**	**YTD 31/12/09 S$'000**	**YTD 31/12/08 S$'000** *Restated*	**Change %**
Revenue	200,388	218,659	(8.4)	603,765	682,600	(11.5)
Profit attributable to equity holders of the company	8,195	90	9,005.6	29,211	2,965	885.2
Basic Earnings Per Share (S Cents)	7.47	0.08	9,237.5	26.63	2.70	886.3

Business Review of GP Batteries

Turnover for the three months and nine months ended 31 December 2009 was S$200 million and S$604 million respectively, or about 8% and 12% below the corresponding periods of last year. Nevertheless, the decline in turnover has narrowed over the past quarters.

Sales of rechargeable batteries registered a decrease for the three months ended 31 December 2009 by 17% while sales of primary batteries, especially the cylindrical carbon zinc batteries, rose by 12 %.

Excluding the effect of commodity hedging contracts in the last financial year, gross profit margins for the nine months ended 31 December 2009 were approximately 23% compared to 21% for the corresponding period of last year mainly due to effective cost control measures.

All commodity contracts with unrealised fair value gain or loss recognizable in the Income Statement had expired before this financial year end and hence, there would not be any more unrealised fair value gain or loss in the Income Statement on commodity contracts for this financial year. The Group has entered into commodity contracts in this financial year to hedge a small amount of Nickel requirement under some specific customers orders and any unrealised fair value gain or loss arising from these contracts are captured as reserves movement and is recognized as cost of sales in the Income Statement only when it is realised.

Finance costs for the three months and nine months ended 31 December 2009 were S$2.3 million and S$7.2 million respectively, a decrease of 28% and 23% respectively over the corresponding periods of last year mainly due to lower interest rates.

Exchange gains for the three months and nine months ended 31 December 2009 were S$3.0 million and S$9.6 million respectively mainly due to gains on revaluation of US dollar denominated liabilities.

Share of results of associates for the three months and nine months ended 31 December 2009 was S$4.1 million and S$11.5 million respectively, an increase of 386% and 45% respectively over the corresponding periods of last year, which mainly reflects an abrupt slowdown in demand of notebook computer battery packs last year.

Following the refinancing of the syndicated loan facility in October 2009, the Group has returned to a net current assets position. As such, the “going concern” issue, as mentioned in the Independent Auditors’ Report dated 18 June 2009, no longer exists.

The Group has acquired certain assets of Vectrix Corporation pursuant to a supervised sale under Section 363 of the United States Bankruptcy Code and is currently reviewing the business model of Vectrix in order to effectively incorporate this new acquisition as an integral part of the Group’s electric transportation business.

To strengthen its collaboration with Boston Power Inc. of the US, the Group has entered into a worldwide distribution agreement with them utilizing the Group’s extensive sales network to promote the Boston Power’s Sonata products.

The Group has disposed of part of its shareholding in its associated company, Gold Yi Industries Co. Ltd. Through Champion World Limited, a subsidiary of the Group, it has also entered into a sale and purchase agreement to dispose of its entire shareholding interest in Advanced Electronics Energy Limited.

Prospects of GP Batteries

The outlook for the Group is cautiously optimistic as general business conditions continue to improve. However, currency fluctuations, rise in material costs and the tight labour situation in China may have an adverse impact on margins. The Group will focus on productivity improvement.

The Group will continue to enhance its presence in priority markets and in selected application segments. It will further tap on the global trend towards electric transportation by exploring opportunities to fully capitalize its capability and technical know-how in this area.

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