

MEDIA RELEASE

For Immediate Release

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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 2010:

	Q3 Ended 31/12/10 S\$'000	Q3 Ended 31/12/09 S\$'000	Change %	YTD 31/12/10 S\$'000	YTD 31/12/09 S\$'000	Change %
Revenue	192,660	200,388	(3.9)	654,345	603,765	8.4
Profit attributable to equity holders of the company	3,028	8,195	(63.1)	18,614	29,211	(36.3)
Basic Earnings Per Share (S Cents)	2.76	7.47	(63.1)	16.96	26.63	(36.3)

Business Review of GP Batteries

Turnover for the three months and nine months ended 31 December 2010 was S\$192.7 million and S\$654.3 million respectively. Sales of primary cylindrical Alkaline batteries recorded a decline of 11% for the three months ended 31 December 2010 over the corresponding period last year. Despite a difficult third quarter, the Group achieved an 8.4% increase in turnover for the nine months ended 31 December 2010 as compared to the corresponding period of the previous year.

Profit before income tax for the three months and nine months ended 31 December 2010 was S\$4.3 million and S\$28.6 million respectively, as compared to S\$12.9 million and S\$42.8 million respectively in the corresponding periods of the previous year. Gross profit margins for the three months and nine months ended 31 December 2010 were 20.1% and 21.4% respectively, as compared to 23.0% and 23.3% in the corresponding periods of the previous year. Margins were lower due to higher labour costs in China, appreciation of Renminbi and higher material prices. In addition, the lower reported profit was partly due to the exchange loss recorded in the current year as a result of the depreciation of the foreign denominated monetary balances, as compared with an exchange gain recognized in the

corresponding periods of previous year.

Distribution expenses for the three months and nine months ended 31 December 2010 were S\$14.2 million and S\$50.2 million respectively, a decrease of 19.8% and 1.9% over the corresponding periods of the previous year. The decrease was mainly due to reduction in promotional expenses.

Administrative expenses for the three months and nine months ended 31 December 2010 were S\$22.0 million and S\$63.5 million respectively, an increase of 7.1% and 8.9% over the corresponding periods of the previous 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 three months and nine months ended 31 December 2010 were S\$2.0 million and S\$6.3 million respectively, a decrease of 14.9% and 12.0% over the corresponding periods of the previous year because the positive operating cash flow of the Group necessitated lower bank borrowings.

Share of results of associates for the three months and nine months ended 31 December 2010 was S\$2.5 million and S\$6.6 million respectively, a decrease of 39.5% and 42.6% over the corresponding periods of the previous year mainly due to slowdown in demand for notebook computer battery packs.

The Group has intensified its worldwide marketing efforts for Vectrix electric scooters. The first order of VX-1 scooters for Malaysia was received and scheduled for delivery in March 2011. Performance of the Vectrix electric scooters has also been greatly improved with the introduction of Lithium-ion batteries manufactured by the Group.

During the quarter, the Group restructured the shareholding of a US marketing subsidiary, Gold Peak Industries (North America) Inc ("GPINA"), such that GPINA became a wholly-owned subsidiary of the Group. The Group also acquired a 30% equity interest in Hanoi Battery Joint Stock Co ("Habaco"), a major battery maker in Vietnam. The investment in Habaco will enable the Group to tap on its marketing channels in gaining access to the local markets in the region.

During the quarter, the Group disposed of its entire interest in Hunan CoPower EV Battery Co Ltd ("HCEB") of China for a consideration of RMB12.5 million.

Prospects of GP Batteries

The business outlook is uncertain. Competition is keen. Margins are squeezed due to the rising wage in China, appreciation of Renminbi and surging commodity prices. The Group has implemented measures to improve cost effectiveness. It will take time to readjust and realign selling prices with costs.

The Group will focus its efforts on its core products and electric transportation to emphasize the competitiveness of its products. It will also direct its resources on priority markets to expand market reach.

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