

## **MEDIA RELEASE**

8 November 2005

### **GP Batteries Announces its Unaudited Second Quarter and Half Year Results**

Highlights of mainboard-listed GP Batteries International Limited's unaudited second quarter and half year results:

	<b>Q2 Ended 30/9/05 S\$'000</b>	<b>% + / (-)</b>	<b>H1 Ended 30/9/05 S\$'000</b>	<b>% + / (-)</b>
Revenue	236,814	7.3	453,875	3.1
Profit attributable to Shareholders	3,890	(46.0)	7,614	(61.4)
Basic Earnings Per Share (S Cents)	3.55	(46.6)	6.96	(62.0)
Interim Dividend Per Share (S Cents)	-	-	1.5	(60.5)

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

Turnover for the three months ended 30 September 2005 was S\$236.8 million, an increase of 7.3% over the corresponding quarter last year. The consolidated profit before exceptional items decreased from S\$12.0 million to S\$7.4 million. The Group recorded an exceptional loss of S\$3.5 million for the current quarter. The profit after tax attributable to the equity holders of the Company for the second quarter was S\$3.9 million, against a profit of S\$7.2 million for the corresponding quarter last year.

The profit before exceptional items for the current quarter exceeded that of the Q1 ended 30 June 2005 by over S\$1.5 million or 25.9%.

For the six months ended 30 September 2005, the Group's turnover was S\$453.9 million, an increase of 3.1% over the same period last year. The consolidated profit before exceptional items decreased from S\$26.5 million to S\$13.2 million. The Group recorded an exceptional loss of S\$5.8 million for the six months period. The profit after tax attributable to the equity holders of the Company was S\$7.6 million, against a profit of S\$19.7 million for the corresponding six months last year.

Turnover increased mainly due to the continued increase in the sales of Nickel Metal Hydride rechargeable batteries and Alkaline primary cylindrical batteries. Gross profit margin for Alkaline primary cylindrical batteries was affected by high zinc prices and the strengthening of Renminbi while the gross profit margin for Nickel Metal Hydride rechargeable batteries improved marginally in Q2 ended 30 September 2005 compared to Q1 ended 30 June 2005 as the price of Nickel stabilized in Q2.

Cost-cutting measures resulted in the increase in profit before exceptional items for Q2 ended 30 September 2005 compared to Q1 ended 30 June 2005. However, the Group incurred exceptional expenses in relation to the relocation and rationalization of its manufacturing operations.

The relocation of our Danish alkaline 9V plant to Malaysia, and the shifting of the Nickel Metal Hydride rechargeable batteries operations in Malaysia to China have been completed. Relocation of part of the Lithium Ion batteries production facilities from Taiwan and Hong Kong to China is progressing slowly due to the required approvals by the relevant authorities.

Danionics A/S, our Danish partner for the manufacturing of Lithium polymer batteries is now at the final stage of discussion with a new investor to inject new funds into the Group's 50:50 joint venture company, Danionics Asia Limited.

There have been no further developments in the cadmium exposure cases now pending in the courts of China. The court rulings so far have been favourable to the Group.

### **Prospects of GP Batteries**

Business outlook remains uncertain with rising interest rates, increased production cost in China and keen competition but, demand for the Group's products is expected to be strong and with the continued easing of nickel prices, there will be positive effect on our cost in rechargeable batteries as we move forward.

In view of the current high oil price, there is a renewed interest in electric transportation. Therefore, the Company is actively working towards commercializing its NiMH EV battery technology.

The Group will continue its cost management measures and streamline its operations. It will also continue to promote its GP brand name to maintain its market share.

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