



MEDIA RELEASE

7 February 2007

GP Batteries Announces its Unaudited Third Quarter and Nine Months Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited third quarter and nine months results:

	Q3 Ended 31/12/06 S\$'000	% + / (-)	YTD 31/12/06 S\$'000	% + / (-)
Revenue	201,564	(13.7)	614,046	(10.7)
Profit attributable to Equity holders of the Company	2,989	(8.3)	8,017	(25.6)
Basic Earnings Per Share (S Cents)	2.73	(8.4)	7.31	(25.7)

Business Review of GP Batteries

Turnover for the three months and nine months ended 31 December 2006 was S\$201.6 million and S\$614.0 million respectively, a decrease of 13.7% and 10.7% over the corresponding period last year.

Turnover decreased mainly due to the weak demand for Nickel Metal Hydride ("NiMH") and Lithium Ion rechargeable batteries. The strengthening of Singapore dollars ("S\$") against United States dollars ("US\$") also attributed to the decrease in turnover as most of the sales were denominated in US\$.

Gross profit margin decreased due to the surge in raw material prices especially Nickel, Zinc and the appreciation of Renminbi.

Distribution expenses for the three months ended 31 December 2006 increased 12.9% as advertising and promotion activities were stepped up to strengthen the Group's market position.

The Group had entered into commodity swap contracts to hedge against the rocketing raw material prices. Fair value gain of such contracts outstanding as at 31 December 2006 of S\$6.5 million had been recognised in the profit and loss account under other operating income.

The Group recognised an exchange gain of S\$4.9 million, reported under other operating income, which was due to the translation of bank loans denominated in US\$ to S\$ at balance sheet date.

Included in other operating expenses were costs of S\$0.4 million in relation to the closure of the pilot production line in Singapore.

Finance costs for the three months ended 31 December 2006 were S\$4.5 million, an increase of 20.8% over corresponding period last year due to higher interest rates.

The sale of Sanyo Energy Tottori Co., Ltd's 35.2% equity interest in NGPSE to the Group under the restructuring agreement had been completed. NGPSE is now a 90% owned subsidiary of the Group. The Group recognised an exceptional loss of S\$7.5 million being our share of loss due to the fire incident and exceptional gain of S\$6.7 million being negative goodwill arising from the restructuring. NGPSE expects to resume operation at the beginning of fiscal year 2007/08.

The Group's electric vehicle ("EV") battery plant continues to produce NiMH battery packs for use in Vectrix Corporation's (Vectrix) electric-powered motorcycles. The production of the EV batteries will shift to the joint venture with Vectrix when it is ready at the beginning of fiscal year 2007/08.

All developments for the Cadmium issue have been duly announced via SGXNET and the outstanding court cases are not expected to have significant financial impact on the Group.

Prospects of GP Batteries

The general business outlook remains difficult as raw material prices have again rocketed and remained persistently at high levels, and Renminbi continued to strengthen. Demand for NiMH rechargeable batteries will continue to be adversely affected by the industry-wide price increase due to the high raw material prices.

The Group has commenced delivery of NiMH rechargeable batteries to the One Laptop per Child program. This program aims to provide laptops at as low as US\$100 per unit to children in developing countries. We expect this initiative to gain momentum in 2007 and will improve the utilization of our production capacities.

The Group will speed up its efforts to develop new products and markets. It will launch the GP ReCyko batteries, a new breed of rechargeable batteries blending the strengths of both alkaline and rechargeable batteries to bring higher environmental and economic value and greater convenience to the consumers. GP ReCyko has excellent charge retention characteristic and can be used immediately upon purchase just like the conventional primary batteries and yet can be easily recharged when it is exhausted.

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