

CHAIRMAN'S STATEMENT



“Year 2006/07 was yet another difficult year for the Group. Raw material prices escalated to record levels while the Chinese Renminbi continued to rise. As a result, margins were affected. The adverse impact has been mitigated by our active forward hedging as well as price increases as evident in the last quarter of the financial year. With the rocketing raw material prices, many competitors had either scaled down production or exited from the industry entirely. The Group has taken the opportunity to capture market share and consolidated its leadership position in the industry.”

Financial Performance

The Group's turnover for the year ended 31 March 2007 was S\$819.7 million, a decrease of 7.5% over the previous year. The profit after tax attributable to equity holders of the Company decreased by 10.8% to S\$12.1 million. Earnings per share was 11.06 Singapore cents, compared with 12.40 Singapore cents last year.

The Board of Directors recommends a final tax-exempt dividend of 2.5 Singapore cents per share. Together with the interim tax-exempt dividend paid, the total tax-exempt dividend per share for the year amounted to 3.6 Singapore cents.

Rechargeable Batteries

NiCd

The Group has ceased production of Nickel Cadmium (“NiCd”) batteries in our factories. Sales of NiCd rechargeable batteries decreased by about 6% and market demand for NiCd batteries is expected to further decline as a result of stringent legislations around the world restricting the use of Cadmium, and the high price of Nickel.

There is no further development on the Cadmium issue other than the outstanding court cases which are not expected to have any significant financial impact on the Group.

NiMH

Sales of Nickel Metal Hydride (“NiMH”) rechargeable batteries for the year dipped by 21% as a result of market reactions to price increases implemented by the Group. However, in the last quarter, with the market consolidation, the Group has taken the opportunity to re-gain some market share.

In January 2007, the Group has ceased the pilot production of NiMH batteries in Singapore and consolidated its production to China.

During the year, the Group launched the GP ReCyko⁺ batteries, a new breed of rechargeable batteries which is sold “pre-charged”. With the ability to retain 85% of its charges over one year storage, GP ReCyko⁺ can be used for medium and low drain applications which are currently served by Alkaline and Zinc Carbon batteries. For high drain applications, it retains the desirable features of the NiMH batteries. This new series of batteries have gained market acceptance and will become a driver for our future growth.

We continued to prepare for the “One Laptop Per Child” program which is aimed at providing laptops at as low as US\$100 per unit to children in developing countries.

Li-ion

The relocation of part of the Lithium Ion (“Li-ion”) batteries production facilities from Taiwan to China has been completed and the China plant will focus on the production of special-size Li-ion batteries. To maximize the utilization of the remaining facilities in Taiwan, the Group is exploring the feasibility of manufacturing a new generation of Lithium Ion Ferro Phosphate batteries which is superior in both safety performance and high temperature applications.

LIP

Danionics Asia Limited, a joint venture with our Danish partner, Danionics A/S, has commenced production of Lithium Polymer (“LIP”) batteries. However, progress has been slower than expected because of delays caused by the restructuring of its major potential customer.

The Group has entered into a cooperation agreement with Amita Technologies Inc. and Welldone Company to set up a new company, GWA Energy Inc., in Taiwan. The joint venture will be engaged in product management, battery pack design and global sales management of high-power LIP batteries of the Lithium Manganese system. Those products are mainly intended for power tools and electric bicycle markets.

EV Batteries

The joint venture for the exclusive design, manufacture and supply of NiMH batteries with Vectrix Corporation to be used in electric powered motorcycles is progressing well. Vectrix has successfully launched its initial public offer in the Alternative Investment Market of The London Stock Exchange, and is aggressively selling its electric motorcycles in Italy, the UK, Spain and the US. However, in view of the high Nickel cost, the joint venture is also exploring another chemistry system to be used in these electric powered motorcycles.

Primary Batteries

Turnover for Alkaline cylindrical batteries remained strong. To meet the market demand, the Group is building a new factory in Ningbo which is expected to be completed in 2009. Carbon Zinc cylindrical batteries also registered a rise in sales by 11%. 9-volt and micro batteries on the

other hand experienced a drop of 4% and 15% respectively. Margins for primary batteries were generally affected by high raw material costs, especially Zinc.

Ningbo GP Energy Co., Ltd, upon restructuring after the fire incident in 2005, is now a 90%-owned subsidiary of the Group. The factory will resume operation in the financial year 2007/2008.

Business Outlook

The general business outlook is uncertain as Renminbi continued to strengthen and commodity prices keep fluctuating at historical high levels. The performance of the Group will be susceptible to volatility of material prices.

The Group will take advantage of the industry-wide market consolidation to capture more market share. Further industry-wide price increases are expected and margins will likely to improve slowly. The Group will speed up the development of alternative battery systems to prepare for the demand migration caused by the high Nickel prices.

The Group will focus on aggressive marketing of GP ReCyko⁺ batteries as an Alkaline battery alternative. It will continue to further strengthen its distribution network and actively promote its GP brand.

Vote of Thanks

On behalf of the Board of Directors, I would like to express my sincere appreciation to all our shareholders, business associates and employees for their continued support during the year.



Andrew S.O. Ng

Chairman and Chief Executive

19 June 2007