

MEDIA RELEASE

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GP Batteries Announces its Unaudited Fourth Quarter and Full Year Results

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

	Q4 Ended 31/03/06 S\$'000	% + / (-)	YTD Ended 31/03/06 S\$'000	% + / (-)
Revenue	198,771	(10.7)	886,305	(0.8)
Profit attributable to Equity holders of the Company	2,807	n/m	13,580	n/m
Basic Earnings Per Share (<i>S Cents</i>)	2.56	n/m	12.40	n/m
Dividend Per Share				
- Interim	1.5	<i>S Cents</i>		
- Proposed Final	2.3	<i>S Cents</i>		

n/m: not meaningful

Business Review of GP Batteries

The Group's turnover for the three months ended 31 March 2006 was S\$198.8 million, a decrease of 10.7% over the corresponding period last year. Turnover was dampened mainly due to the initial market reactions to the price increase of ("NiMH") rechargeable batteries. The consolidated profit before tax of S\$5.2 million included exceptional items of S\$3.4 million that comprised loss of S\$1.3 million due to the temporary cessation of operations of Ningbo GP Sanyo Energy Co. Ltd ("NGPSE") and fees and expenses of S\$2.1 million for the settlement of a subsidiary's prior years tax assessment disputes with the tax authority.

The profit after tax attributable to equity holders of the Company for the fourth quarter was S\$2.8 million, compared to S\$0.04 million for the corresponding quarter last year.

For the year ended 31 March 2006, the Group's turnover was S\$886.3 million, a marginal decrease of 0.8% over the previous year. The consolidated profit before tax decreased from S\$23.3 million to S\$22.1 million. During the year, the Group recorded an exceptional loss of S\$11.1 million mainly due to the relocation of production facilities (exceptional loss last year was S\$18.8 million). The profit after tax attributable to equity holders of the Company was S\$13.6 million, compared to S\$1.3 million for last year.

Overall, turnover for most of the products remained steady. Sales across regions registered little fluctuations except for North & South America which decreased, mainly due to the weakened sales of Lithium Ion products. Gross profit margin remained steady as we continued to reap from the cost saving measures implemented across the Group despite the high raw material prices.

The increase in finance costs for the year was mainly due to the increase in interest rates.

The relocation of part of the Lithium Ion batteries production facilities from Taiwan and Hong Kong to China has largely been completed.

The Group is in the final stage of receiving qualifications from customers for its Lithium Polymer ("LiP") batteries. This will allow Danionics Asia Limited, our joint venture business with Danionics A/S, to start commercial production of lithium polymer batteries.

All lawsuits except for one appeal case regarding cadmium exposure claims in China were heard, and verdicts were that the workers' claims lacked legal basis. During the year, five of our rechargeable batteries factories in China have been accredited for OHSAS18001, an international standard for assuring the occupational health and safety issues at the workplace.

The Group had undertaken measures to improve its working capital by reducing inventory and stepping up debtors collection. Net cash generated from operating activities for the year was S\$109.4 million compared to S\$9.8 million over the previous year. Total bank borrowings after investing activities reduced by S\$68.6 million compared to the last financial year.

Prospects of GP Batteries

The general business outlook remains uncertain with the volatility of raw material prices, rising interest rates and the continued strengthening of Renminbi. The profitability of the battery market has been seriously eroded by the latest surge in prices of Nickel and Zinc.

The Group is trying to manage its operations in a balanced manner so as to protect its market share as well as to help its customers through these turbulent times. The Group believes the effects of the raw material prices are transitory and will be absorbed by the market over time.

The Group is in the final stage of entering an agreement with a third party to form a joint venture for the exclusive design, manufacture and supply of NiMH batteries to be used in electric powered scooters. Mass production is expected to commence towards the end of the 06/07 financial year.

The Group believes that our strong position in the battery market is generally secure and GP will emerge from this as a stronger player.

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