

## MEDIA RELEASE

8 February 2006

### 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 31/12/05 S\$'000	% + / (-)	YTD Ended 31/12/05 S\$'000	% + / (-)
Revenue	233,659	1.2	687,534	2.4
Profit attributable to Equity holders of the Company	3,259	(117.6)	10,873	789.8
Basic Earnings Per Share (S Cents)	2.98	n/m	9.93	n/m

*n/m: not meaningful*

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

Turnover for the three months ended 31 December 2005 was S\$233.7 million, an increase of 1.2% over the corresponding quarter last year. The consolidated profit before exceptional items increased from S\$4.5 million to S\$6.5 million. The Group recorded an exceptional loss of S\$1.9 million in relation to the closing down and relocation of production facilities for the current quarter. The profit after tax attributable to equity holders of the Company for this quarter was S\$3.3 million, against a loss of S\$18.5 million for the corresponding quarter last year as the Company made an exceptional provision of S\$17.9 million in relation to the funding provided to its 50% Li-Polymer Joint Venture, Danionics Asia Limited ("DAL").

For the nine months ended 31 December 2005, the Group's turnover was S\$687.5 million, an increase of 2.4% over the corresponding period last year. The consolidated profit before exceptional items decreased from S\$31.0 million to S\$19.8 million. The Group recorded an exceptional loss of S\$7.7 million (exceptional loss of S\$22.9 million last year) for the nine months period. The profit after tax attributable to equity holders of the Company was S\$10.9 million, against a profit of S\$1.2 million for the corresponding nine months last year.

Overall, turnover for most of the products remained steady. Sales across regions continued to grow steadily except for North & South America which decreased mainly due to the weakened sales of Lithium Ion products.

Gross profit margin and profit before exceptional items for the current quarter has improved compared to the corresponding quarter last year as a result of the cost saving measures implemented across the Group and the more stable price of Nickel. For the nine months ended 31 December 2005, the continued strengthening of Renminbi and high Zinc prices have dampened the overall gross margin improvement as it has eroded the margin for all ranges of Carbon Zinc and Alkaline batteries.

Relocation of part of the Lithium Ion batteries production facilities from Taiwan and Hong Kong to China is progressing slower than expected due to the required approvals from the relevant Authorities.

Danionics A/S, the Group's partner in DAL, has committed fresh funds of up to US\$1.0 million into the Joint Venture. This cash is being used to fund the business activities of the JV as it tries to establish its customer base.

The Huizhou Intermediate People's Court has rejected the cadmium exposure claims of 50 workers. This judgement is final for these particular cases. There are no further developments to the other outstanding cases as they are still pending in the courts of China.

In December 2005, a fire broke out at the Group's 49%-owned associate, Ningbo GP Sanyo Energy Co. Ltd. ("NGPSE") a manufacturer of primary Lithium batteries. The factory has ceased operations and is not expected to commence operations for at least six months. At the moment, the amount of loss is not quantifiable pending assessment from the insurance company. However, during the shutdown period, NGPSE will incur losses due to regular factory overheads and the Group's share of this expense is around S\$0.3 million per month.

### **Prospects of GP Batteries**

Business outlook is expected to continue to be difficult in the short term as the volatility of raw material prices has widened. Margins will still be under pressure because of market confusion. Rising interest rates and the continued strengthening of Renminbi will increase our operating costs.

During the last quarter, the Group has implemented price increases of its batteries to selected markets in an attempt to improve margins. Management will watch closely the impact of this action on our future turnover.

The Group is in the final stage of discussions to set up a joint venture to manufacture and supply Nickel Metal Hydride batteries to be used in electric powered scooters. A Memorandum Of Understanding has been signed and an initial technical start-up fee of US\$250,000 has been received. The commencement of this project will be subject to the successful product launch and fund raising by our partner.

The Group will continue to streamline its operations, to promote its GP brand name and to strengthen its leadership position in key markets.

# # #

### **Enquiries:**

Petras Tsui, Assistant General Manager / KL Tsang, Director & General Manager  
Tel: 6559 9800