

MEDIA RELEASE

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GP Batteries Announces its Unaudited First Quarter Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited first quarter results:

	Q1 Ended 30/06/06 S\$'000	% + / (-)
Revenue	187,154	(13.8)
Profit attributable to Equity holders of the Company	2,233	(38.4)
Basic Earnings Per Share (<i>S Cents</i>)	2.04	(38.4)

Business Review of GP Batteries

Turnover for the three months ended 30 June 2006 was S\$187.2 million, a decrease of 13.8% over the corresponding period last year. The profit after tax attributable to equity holders of the Company for the first quarter was S\$2.2 million, against a profit of S\$3.6 million for the corresponding quarter last year.

Turnover decreased mainly due to market reactions to the price increase of Nickel Metal Hydride ("NiMH") rechargeable batteries that the Group has undertaken, and the continued keen competition of Lithium Ion (Li-ion) batteries. However, turnover for Carbon Zinc primary cylindrical batteries increased by about 12%.

Sales to North & South America decreased due to the weakened sales of Li-ion products. Sales to Asia and Europe also decreased, a result of the upward price adjustments of the Group's NiMH batteries.

Gross profit margin remained steady but net profit margin declined as a result of a decrease in turnover.

The relocation of part of the Li-ion batteries production facilities from Taiwan and Hong Kong to China had been completed.

Our joint venture company, Danionics Asia Limited had signed an agreement with a large international company to supply Lithium Polymer (LiP) batteries that will be used in Bluetooth-enabled equipment. This will enhance our potential to secure orders from other customers.

The Group is still awaiting the court's verdict on the remaining appeal case regarding cadmium exposure claims in China.

Prospects of GP Batteries

The general business outlook remains difficult as raw material prices, especially Nickel and Zinc, continue to surge while interest rates remain high and Renminbi continues to strengthen. The Group has been implementing price increase of its batteries to selected markets and will continue to monitor its impact.

The Group has entered into a conditional 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 start towards the end of the financial year ending 31 March 2007.

We have accelerated our efforts to bring new products to the market to mitigate the loss of margin in our existing business.

The Group is in an advanced stage of discussion with our partner on the restructuring of our primary Lithium batteries factory, Ningbo GP Sanyo Energy Co. Ltd.

The Group will monitor the raw material prices closely and exercise its best judgment to enter into hedging activities if required. It will continue to control costs prudently and promote its GP brand name in Asia and Europe.

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