

## MEDIA RELEASE

9 November 2006

### GP Batteries Announces its Unaudited Second Quarter and Half Year Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited second quarter and half year results ended 30 September 2006:

	Q2 Ended 30/09/06 S\$'000	Change % + / (-)	H1 Ended 30/09/06 S\$'000	Change % + / (-)
Revenue	225,328	(4.9)	412,482	(9.1)
Profit attributable to Equity holders of the Company	2,795	(28.1)	5,028	(33.1)
Basic Earnings Per Share ( <i>S Cents</i> )	2.55	(28.1)	4.59	(33.1)

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

Turnover for the three months and six months ended 30 September 2006 was S\$225.3 million and S\$412.5 million respectively, a decrease of 4.9% and 9.1% over the corresponding period last year. Profit attributable to equity holders of the Company for the three months and six months ended 30 September 2006 was S\$2.8 million and S\$5.0 million respectively, a decrease of 28.1% and 33.1% over the corresponding period last year.

Turnover decreased as demand for Nickel Metal Hydride ("NiMH") rechargeable batteries continued to be affected by the price increases implemented by the Group. This is, however, partly cushioned by an increase in turnover of primary cylindrical batteries including Alkaline and Carbon Zinc batteries.

Sales to North & South Americas registered a 20.0% decline. However, the impact of the shortfall was lessened by the healthy growth in sales to Taiwan and ASEAN. Sales to all other markets remained steady.

Gross profit margin was only slightly lower despite the significant rise in raw material prices as we continued reaping benefits from the cost saving measures implemented across the Group. The increase in finance costs for the year was mainly due to higher interest rates.

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

Subsequent to the conditional agreement to form a joint venture with Vectrix Corporation for the exclusive design, manufacture and supply of NiMH batteries to be used in electric powered motorcycles, the Group has commenced production of NiMH battery packs for use in the new motor cycles until such time as when the JV is ready. Details of the revolutionary electric motor cycles powered by the Group's battery can be found at the website [www.vectrixusa.com](http://www.vectrixusa.com)

Ningbo GP Sanyo Energy Co., Ltd ("NGPSE"), our 49% owned associated company, had settled with the insurance company for a total compensation of RMB120 million for the damages caused by the fire incident. The Company has also reached an agreement with Sanyo Energy Tottori Co., Ltd on the restructuring of NGPSE where NGPSE will become a subsidiary company of the Group subject to the approval of the relevant authorities. With the insurance compensation and the restructuring, the fire incident at NGPSE is not expected to have any significant financial impact on the Group. NGPSE is targeted to resume operation during the financial year 2007.

Danionics Asia Limited, a joint venture company with our Danish partner, Danionics A/S, has commenced production of Lithium Polymer batteries following the signing of the supply contract with a large international company.

In October 2006, the Company signed a 3-year syndicated term loan facility agreement with a syndicate of international banks to raise SGD60 million and USD45 million respectively. The proceeds had been used to refinance the existing borrowings of the Company.

In October 2006, at the Society of Environmental Journalists' 16th Annual Conference in Burlington, Vermont, USA, the Group unveiled its latest Plug-in Hybrid Electric Vehicle with EVERmont Inc. by installing a 30Ah GP NiMH battery pack in a Toyota Prius. This Plug-in Hybrid Electric Vehicle has better performance, improved energy-saving and increased environmental friendliness.

All previous Court cases in relation to the Cadmium exposure issue in China have been closed except for two new litigations filed in the Huizhou Court. However, judging from the nature of the claims, any financial impact on the Group should be minimal.

### **Prospects of GP Batteries**

The general business outlook remains difficult as raw material prices reached new highs and Renminbi continues to strengthen. Customer response to the price increase of its batteries is uncertain and the Group will continue to monitor the impact.

The Group will continue to monitor the raw material prices and Renminbi closely and exercise its best judgment to enter into additional hedging activities if required. It has accelerated the introduction of new products to cater to the demands of different customer needs. It will continue to promote its GP brand name in Asia and Europe.

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