

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 30/06/07 S\$'000	Q1 Ended 30/06/06 S\$'000	% of Change + / (-)
Revenue	229,778	187,154	22.8
Profit attributable to Equity holders of the Company	3,369	2,233	50.9
Basic Earnings Per Share (<i>S Cents</i>)	3.07	2.04	50.5

Business Review of GP Batteries

Turnover for the three months ended 30 June 2007 was S\$229.8 million, an increase of 22.8% over the corresponding period last year. The profit after tax attributable to equity holders of the Company for the first quarter was S\$3.4 million, compared to S\$2.2 million for the corresponding quarter last year.

After a long stagnant period, sales of Nickel Metal Hydride (NiMH) rechargeable batteries registered a growth of 40% as the Group managed to capture more market share. Sales for other product lines also recorded steady growth. Sales in Europe increased significantly due to the strong Euro. Sales in other regions were stable.

Our commodity hedging strategy has enabled the Group to continue to conduct business and to expand its market share in a very difficult market condition when raw material prices had been fluctuating. The increase in gross profit margin is attributable to a realized gain of S\$13.9 million on commodity contracts, which matured during the three months ended 30 June 2007. All outstanding commodity contracts as at 30 June 2007 are measured at fair values, resulting in an unrealized loss of S\$26.4 million. Under FRS 39, this estimated loss, although unrealized in nature, is required to be reflected in the profit and loss account.

Distribution expenses had increased as the Group invested aggressively in advertising and promotional activities to further strengthen its market position.

Finance costs for the three months ended 30 June 2007 were S\$4.7 million, an increase of 13.9% over the corresponding period last year. This was due to an increase in borrowings to finance working capital and higher interest rates.

The disposal of the Group's entire investment comprising in TCL resulted in an exceptional gain of S\$16.7 million.

Restoration of production facilities at Ningbo GP Energy Co., Ltd is progressing according to schedule. Demand for Lithium-Polymer products of Danionics Asia Limited remained low.

Delivery of EV NiMH batteries to Vectrix Corporation for use in electric motorcycles rose as demand increased. Vectrix had successfully launched its initial public offer on the Alternative Investment Market of The London Stock Exchange, and is aggressively selling its electric motorcycles in Italy, the UK, Spain and the US.

After reviewing the latest changes in the operations of the Group, the Company had decided that it would let the International Headquarter ("IHQ") status expire on 1 July 2007. Without the IHQ, dividend and certain types of income received by the Company will be taxed at full rate as compared to concessionary rates. The estimated impact to the Group as a result would not be significant.

Prospects of GP Batteries

The general business outlook is expected to improve with substantial increase in business in the coming months. Profit outlook is less certain as a result of the volatility of raw material prices especially Nickel and Zinc and the appreciation of Renminbi.

The demand for electric vehicle batteries for use in electric scooters is expected to further increase. The Group will continue to capitalize on market consolidation to gain market share. It will continue to promote its GP brand especially in developing countries. In addition, the Group will focus its efforts on GP Recyko, a new breed of rechargeable batteries that will drive future growth.

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