

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

## GP BATTERIES INTERNATIONAL LIMITED

### First Quarter Financial Statement And Dividend Announcement

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

##### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Group Income Statement for first quarter ended 30 June 2003

	30/06/03 S\$'000	30/06/02 S\$'000	% Change
Revenue	189,558	156,485	21.1
Cost of sales	(143,377)	(123,858)	15.8
Gross profit	46,181	32,627	41.5
Other operating income	852	403	111.4
Distribution expenses	(9,531)	(7,379)	29.2
Administrative expenses	(21,168)	(15,928)	32.9
Other operating expenses	(1,500)	(1,212)	23.8
Profit from operations	14,834	8,511	74.3
Finance costs	(2,688)	(2,803)	(4.1)
Profit before share of results of associates	12,146	5,708	112.8
Share of results of associates	2,442	1,972	23.8
Profit before income tax	14,588	7,680	89.9
Income tax expense	(2,146)	(1,003)	114.0
Profit after income tax	12,442	6,677	86.3
Minority interests	(1,077)	378	N/M
Profit attributable to shareholders	11,365	7,055	61.1

N/M :not meaningful

	30/06/03 S\$'000	30/06/02 S\$'000
Interest income included in other operating income	54	65
Foreign exchange adjustment gain included in other operating income	498	0
Foreign exchange adjustment loss included in other operating expenses	0	(956)
Depreciation and amortisation	(11,059)	(9,441)
Allowances for doubtful debts on trade receivables	(147)	(117)
Allowances for stock obsolescence	(1,721)	(1,694)
Bad trade receivables written back/(off)	60	(24)
Loss on disposal/written off of fixed assets (net)	(881)	(115)
Adjustment for underprovision of tax in respect of prior years	0	(9)

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	30/06/03 S\$'000	The Group 31/03/03 S\$'000	30/06/03 S\$'000	The Company 31/03/03 S\$'000
<b>Non-current Assets</b>				
Property, plant and equipment	300,713	298,602	7,834	7,806
Interest in Subsidiaries	0	0	494,171	454,655
Interest in Associates	29,744	27,564	11,453	11,453
Other Investments	23,044	24,068	0	0
Goodwill arising on consolidation	15,265	15,663	0	0
Deferred expenditure	41,420	43,319	2,272	2,350
Total non-current assets	410,186	409,216	515,730	476,264
<b>Current Assets</b>				
- Stocks	169,550	148,426	3,380	4,066
- Debtors	183,308	190,257	21,738	58,087
- Short-term investments, at market value	55	52	0	0
- Deposits and prepayments	19,170	16,332	1,061	622
- Bank balances, deposits and cash	51,869	33,618	4,118	1,669
Total current assets	423,952	388,685	30,297	64,444
<b>Current Liabilities</b>				
- Creditors and accrued charges	(155,967)	(142,503)	(30,424)	(28,015)
- Obligations under finance leases	(1,115)	(65)	(22)	(22)
- Income tax payable	(2,419)	(2,864)	(806)	(806)
- Bank loans and overdrafts	(105,508)	(86,414)	(19,303)	(12,994)
- Floating rate notes	(104,000)	(105,882)	(104,000)	(105,882)
Total current liabilities	(369,009)	(337,728)	(154,555)	(147,719)
<b>Non Current Liabilities</b>				
- Bank loans	(53,242)	(57,034)	(26,000)	(26,471)
- Obligations under finance leases	(160)	(133)	(42)	(48)
- Fixed rate notes	(50,000)	(50,000)	(50,000)	(50,000)
- Deferred tax liabilities	(3,511)	(3,455)	(475)	(475)
Total non-current liabilities	(106,913)	(110,622)	(76,517)	(76,994)
	358,216	349,551	314,955	315,995
<b>Represented by:</b>				
Share Capital	83,470	82,832	83,470	82,832
Reserves	230,915	223,286	231,485	233,163
Shareholders' funds	314,385	306,118	314,955	315,995
Minority Interests	43,831	43,433	0	0
	358,216	349,551	314,955	315,995

The increase in current assets of S\$35.3 million was mainly due to:

- The increase in stocks of S\$21.1 million due to increase in business volume for the period.
- Increase in bank balances by S\$18.3 million.

The increase in current liabilities of S\$31.3 million was mainly due to:

- a) Increase in creditors and accrued charges by S\$13.5 million as a result of increase in manufacturing activities.
- b) Increase in short term bank loans and overdrafts by S\$19.1 million.

The decrease in non-current liabilities of S\$3.7 million was mainly due to decrease in bank loans.

#### **1(b)(ii) Aggregate amount of group's borrowings and debt securities**

##### **Amount repayable in one year or less, or on demand**

As at 30/06/03		As at 31/03/03	
Secured	Unsecured	Secured	Unsecured
S\$1,823,000	S\$208,800,000	S\$768,000	S\$191,593,000

##### **Amount repayable after one year**

As at 30/06/03		As at 31/03/03	
Secured	Unsecured	Secured	Unsecured
S\$735,000	S\$102,667,000	S\$907,000	S\$106,260,000

##### **Details of any collateral**

The net book value of fixed assets includes an amount of S\$1,676,000 (as at 31/03/03:S\$408,000) for the Group and S\$95,700 (as at 31/03/03:S\$102,000) for the Company in respect of motor vehicles held under finance leases.

Land and buildings with a total net book value of S\$4,050,000 (as at 31/03/03:S\$4,123,000) for the Group have been pledged to banks as securities for banking facilities granted.

#### **1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>The Group</b>	<b>30/06/03 S\$'000</b>	<b>30/06/02 S\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates	12,146	5,708
Adjustments for:		
Depreciation and amortisation	11,059	9,441
Interest expense	2,688	2,803
Interest income	(54)	(65)
Loss on disposal of property, plant and equipment	881	115
Operating profit before working capital changes	26,720	18,002

Stocks	(21,124)	(5,647)
Debtors	7,650	(13,985)
Deposits and prepayments	(3,539)	1,879
Creditors and accrued charges	13,025	8,203
Cash generated from operations	22,732	8,452
Interest received	53	100
Interest paid	(2,203)	(1,389)
Income tax paid	(2,386)	(919)
<b>Net cash from operating activities</b>	<b>18,196</b>	<b>6,244</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, plant & equipment	898	884
Proceeds from return of investments in securities	602	0
Purchase of property, plant and equipment	(16,528)	(11,764)
<b>Net cash used in investing activities</b>	<b>(15,028)</b>	<b>(10,880)</b>
<b>Cash flows from financing activities:</b>		
Increase/(decrease) in bank loans	17,108	(24,783)
Issue of fixed rate notes	0	50,000
Issue of shares, net of expenses	1,185	2
Others	1,077	(6)
<b>Net cash from financing activities</b>	<b>19,370</b>	<b>25,213</b>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<b>(3,495)</b>	<b>(3,362)</b>
Net increase in cash and cash equivalents	19,043	17,215
Cash and cash equivalents at 1 April	31,638	15,359
<b>Cash and cash equivalents at 30 June (Note A)</b>	<b>50,681</b>	<b>32,574</b>

**Note:**

	<b>30/06/03</b>	<b>30/06/02</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>A. Cash and cash equivalents at 30 June comprise:</b>		
Bank balances, deposits and cash	51,869	35,077
Bank overdrafts	(1,188)	(2,503)
	<b>50,681</b>	<b>32,574</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of changes in equity**

	Share capital	Share premium	Capital/ legal reserve	Translation reserve	Property revaluation reserve	Dividend reserve	Retained Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>								
Balance at 31.3.2002	82,801	135,647	(29,615)	(18,220)	2,093	4,140	115,226	292,072
Issue of shares	1	0	0	0	0	0	0	1
Premium arising from issue of shares, net of expenses	0	1	0	0	0	0	0	1

Translation loss	0	0	0	(6,333)	0	0	0	(6,333)
Transfer to (from) reserves	0	0	0	0	0	0	0	0
Profit attributable to shareholders	0	0	0	0	0	0	7,055	7,055
Balance at 30.6.2002	82,802	135,648	(29,615)	(24,553)	2,093	4,140	122,281	292,796
Balance at 31.3.2003	82,832	135,675	(29,039)	(28,048)	2,093	8,308	134,297	306,118
Issue of shares	638	0	0	0	0	0	0	638
Premium arising from issue of shares, net of expenses	0	547	0	0	0	0	0	547
Translation loss	0	0	0	(4,372)	0	0	0	(4,372)
Transfer to (from) reserves	0	0	117	0	0	0	(28)	89
Profit attributable to shareholders	0	0	0	0	0	0	11,365	11,365
Balance at 30.6.2003	83,470	136,222	(28,922)	(32,420)	2,093	8,308	145,634	314,385

	Share capital S\$'000	Share premium S\$'000	Translation reserve S\$'000	Dividend reserve S\$'000	Retained Profits S\$'000	Total S\$'000
<b>The Company</b>						
Balance at 31.3.2002	82,801	135,647	(7,862)	4,140	83,062	297,788
Issue of shares	1	0	0	0	0	1
Premium arising from issue of shares, net of expenses	0	1	0	0	0	1
Translation loss	0	0	(5,175)	0	0	(5,175)
Loss attributable to shareholders	0	0	0	0	(1,107)	(1,107)
Balance at 30.6.2002	82,802	135,648	(13,037)	4,140	81,955	291,508
Balance at 31.3.2003	82,832	135,675	(14,854)	8,308	104,034	315,995
Issue of shares	638	0	0	0	0	638
Premium arising from issue of shares, net of expenses	0	547	0	0	0	547
Translation loss	0	0	(2,989)	0	0	(2,989)
Profit attributable to shareholders	0	0	0	0	764	764
Balance at 30.6.2003	83,470	136,222	(17,843)	8,308	104,798	314,955

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Since 31 March 2003, 797,000 ordinary shares of S\$0.80 each of the Company were issued pursuant to the exercise of options granted under the Company's Executives' Share Option Scheme, as follows:-

	Number of issued shares	Issued share capital (S\$'000)
As at 31.03.2003	103,540,168	82,832
- Issued at S\$1.41 per share	478,000	383
- Issued at S\$1.60 per share	319,000	255
As at 30.06.2003	104,337,168	83,470

**Status of outstanding Share Options**

The total number of shares that may be issued on exercise of all outstanding share options granted under the Company's Executives' Share Option Scheme are as follows:

	Date of Expiry	Exercise Price per each ordinary share of S\$0.80	As at 30/6/2003	As at 30/6/2002
Share Option 1992 Scheme				
No. 6	28 July 2002	S\$4.448	0	935,000
No. 7	5 August 2004	S\$3.08	2,730,000	2,730,000
1999 Scheme				
No. 1	16 March 2010	S\$1.41	1,235,000	1,733,000
No. 2	10 October 2010	S\$1.60	1,663,000	2,000,000
No. 3	4 August 2012	S\$1.25	2,000,000	0
No. 4	24 June 2013	S\$2.50	2,500,000	0
			10,128,000	7,398,000

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has adopted the same accounting policies and methods of computation for the current financial year as those adopted for the audited financial statements for the financial year ended 31 March 2003.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

- 6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>30.6.03</b>	<b>Group 30.6.02</b>
Earnings per ordinary share for the year after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary shares in issue	10.96 cents	6.82 cents
(b) On a fully diluted basis	10.78 cents	6.79 cents

For earnings per ordinary share calculation, the weighted average number of ordinary shares for the year of 103,727,573 (2002:103,501,772) represents the number of ordinary shares in issue at the beginning of the year adjusted for shares issued upon exercise of options, multiplied by a time-weighted factor. For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue had been adjusted to reflect the effect of all potentially dilutive ordinary shares from the exercise of all outstanding share options.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	<b>Group</b>		<b>Compan y</b>	
	<b>30.6.03</b>	<b>31.3.03</b>	<b>30.6.03</b>	<b>31.3.03</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Net tangible asset value per ordinary share based on issued share capital at the end of the year	2.47	2.39	3.00	3.03

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

The Group's turnover for the three months ended 30 June 2003 was S\$189.6 million, an increase of 21.1% over that of the same period last year. The consolidated net profit after taxation and minority interests attributable to members of the Company was S\$11.4 million, an increase of 61.1%.

The increase in turnover was attributable to the continued increase in sales of rechargeable Li-ion batteries, alkaline 9-volt batteries and inclusion of sales of Zhongyin Ningbo Battery Co. Ltd ("Ningbo Batteries") in China which the Group acquired a 75% stake in November 2002.

In terms of market performance, export sales to America and Europe increased by over 21% and 28% respectively. However, due to SARS, sales in Asia increased by only 19% after the inclusion of sales of Ningbo Batteries.

Gross profit was S\$46.2 million, an increase of 41.5%. This was mainly due to steady selling price and, contribution from Ningbo Batteries and continued cost reduction through operational rationalization. Overall operating margin improved from 4.5% to 6.0%.

Other operating income was S\$0.9 million, an increase of 111.4%. The Group recorded a net exchange gain of S\$0.5 million against a net exchange loss of S\$1.0 million recorded in the same period last year.

Distribution expenses increased by 29.2% to S\$9.5 million as the Group invested aggressively in advertising and promotional activities to strengthen its market position. The increase in administrative expenses by 32.9% was mainly due to the inclusion of Ningbo Batteries' expenses.

Interest on borrowings decreased by 4.1% mainly due to lower interest rates despite an increase in bank borrowings from S\$269.0 million to S\$314.0 million to finance the acquisition of Ningbo Batteries.

The income tax expense of S\$2.1 million was in line with the increase in profit to S\$14.6 million. As a result, the effective tax rate for the quarter was 14.7% of the total reported profit as compared to 13.1% during the same period last year.

Income from associated companies improved by 23.8% to S\$2.4 million due to the increase in profitability of the Group's joint ventures in China.

Depreciation and amortisation charges for the quarter amounted to S\$11.1 million, an increase of 17.1% over same period last year. The increase was mainly due to the inclusion of the depreciation and amortisation charges of Ningbo Batteries.

The relocation of the primary alkaline cylindrical battery production at Huizhou Modern Battery Limited ("HMBL") to Ningbo Batteries to improve production efficiency has been completed and the facility in HMBL will now be reorganized to cater for the production of Nickel Metal Hydride rechargeable batteries.

Sales of Li-Ion rechargeable batteries increased substantially as compared to the same period last year, when the Group had just started its commercial production. However, it is still behind expectation due to the outbreak of SARS.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The results are in line with the statement made in the Company's full year results announcement.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The business outlook remains steady. The Group will continue to strengthen its distribution network, especially in China. Production capacity for Nickel Metal Hydride rechargeable batteries will be increased from next quarter to meet an expected increase in demand. The Group will step up its effort to promote its Li-Ion rechargeable batteries.

The Group is currently working closely with its lawyers to defend the United States International Trade Commission action initiated by Energizer Holdings, Inc and Eveready



Battery Company, Inc ("EBC") for infringement of their patent in zero-mercury-added alkaline batteries. The investigation is likely to take over one year before the final verdict is known.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?   None

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?  
None

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect**

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable.

**15. A breakdown of sales**

Not applicable.

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary Preference Total:	0	0

**BY ORDER OF THE BOARD**

Andrew Ng Sung On  
Chairman and Chief Executive  
26/08/2003