

Third Quarter * Financial Statement And Dividend Announcement

* Asterisks denote mandatory information

Name of Announcer *	GP BATTERIES INT LTD
Company Registration No.	199002111N
Announcement submitted on behalf of	GP BATTERIES INT LTD
Announcement is submitted with respect to *	GP BATTERIES INT LTD
Announcement is submitted by *	Tan San-Ju
Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2004
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Third Quarter Financial Statement for the Period Ended 31 December 2004

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 the third quarter ("Q3") and the nine-month period ("YTD") ended 31 December 2004. These figures have not been audited.

	Q3 ended 31.12.04 S\$'000	Q3 ended 31.12.03 S\$'000	Change %	YTD 31.12.04 S\$'000	YTD 31.12.03 S\$'000	Change %
Revenue	230,809	224,551	2.8	671,157	628,114	6.9
Cost of sales	(190,512)	(165,076)	15.4	(527,785)	(466,410)	13.2
Gross profit	40,297	59,475	(32.2)	143,372	161,704	(11.3)
Other operating income	3,019	335	801.2	4,456	1,480	201.1
Distribution expenses	(14,357)	(15,370)	(6.6)	(39,348)	(39,810)	(1.2)
Administrative expenses	(20,598)	(26,589)	(22.5)	(67,943)	(73,169)	(7.1)
Other operating expenses	(253)	(742)	(65.9)	(763)	(2,894)	(73.6)
Profit from operations	8,108	17,109	(52.6)	39,774	47,311	(15.9)
Finance costs	(3,490)	(2,460)	41.9	(8,389)	(7,360)	14.0
Profit before exceptional items	4,618	14,649	(68.5)	31,385	39,951	(21.4)
Exceptional items	(20,418)	0	n/m	(22,919)	0	n/m
(Loss)/profit before share of results of associates	(15,800)	14,649	(207.9)	8,466	39,951	(78.8)
Share of results of associates	72	2,720	(97.4)	3,256	7,621	(57.3)
(Loss)/profit before income tax	(15,728)	17,369	(190.6)	11,722	47,572	(75.4)
Income tax expense	(354)	(2,612)	(86.4)	(4,407)	(6,972)	(36.8)
(Loss)/profit after income tax	(16,082)	14,757	(209.0)	7,315	40,600	(82.0)
Minority interests	(2,268)	(1,201)	88.8	(5,706)	(3,117)	83.1
(Loss)/profit attributable to shareholders	(18,350)	13,556	(235.4)	1,609	37,483	(95.7)

n/m —not meaningful

Profit from operations is arrived at after crediting (charging) the following:

	Q3 ended 31.12.04 S\$'000	Q3 ended 31.12.03 S\$'000	YTD 31.12.04 S\$'000	YTD 31.12.03 S\$'000
Dividend income	1,176	63	1,969	249
Depreciation and amortisation	(11,381)	(11,091)	(34,071)	(33,485)

Exceptional items comprised:

	Q3 ended 31.12.04 S\$'000	Q3 ended 31.12.03 S\$'000	YTD 31.12.04 S\$'000	YTD 31.12.03 S\$'000
Provision for advance to an associate of S\$13,640,000 and guarantee issued of S\$4,278,000	(17,918)	0	(17,918)	0
Expenses in relation to Cadmium issue in Huizhou, China	(2,500)	0	(5,001)	0

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.

As at	Group		Company	
	31.12.04 S\$'000	31.3.04 S\$'000	31.12.04 S\$'000	31.3.04 S\$'000
Non-current assets				
Property, plant and equipment	300,429	296,897	7,281	7,426
Interest in subsidiaries	0	0	550,792	506,224
Interest in associates	49,165	30,453	20,630	11,453
Other investments	22,711	23,595	0	0
Deferred expenditure	31,315	36,699	1,802	2,036
Goodwill on consolidation	12,934	14,084	0	0
Total non-current assets	416,554	401,728	580,505	527,139
Current assets				
Stocks	230,069	191,038	4,511	4,612
Debtors	209,716	208,024	11,458	9,662
Deposits and prepayments	15,813	16,420	876	957
Bank balances, deposits and cash	47,828	53,229	2,168	9,055
Total current assets	503,426	468,711	19,013	24,286
Current liabilities				
Creditors and accrued charges	(143,066)	(151,392)	(7,252)	(15,813)
Obligations under finance leases	(3,030)	(3,299)	(22)	(22)
Income tax payable	(2,169)	(2,533)	(1,107)	(986)
Bank loans and overdrafts	(207,627)	(134,609)	(91,261)	(26,503)
Notes	(50,000)	0	(50,000)	0
Total current liabilities	(405,892)	(291,833)	(149,642)	(43,324)
Net current assets/(liabilities)	97,534	176,878	(130,629)	(19,038)
Non-current liabilities				
Bank loans	(26,582)	(34,872)	(16,456)	(16,785)
Obligations under finance leases	(6,815)	(6,727)	(9)	(24)
Notes	(104,367)	(155,355)	(104,367)	(155,355)
Deferred tax liabilities	(5,983)	(4,895)	(625)	(625)
Total non-current liabilities	(143,747)	(201,849)	(121,457)	(172,789)
	370,341	376,757	328,419	335,312
Represented by:				
Share capital	87,563	85,436	87,563	85,436
Reserves	235,546	249,112	240,856	249,876
Shareholders' funds	323,109	334,548	328,419	335,312
Minority interests	47,232	42,209	0	0
	370,341	376,757	328,419	335,312

The increase in interest in associates of S\$18.7 million was mainly due to the investments in:

- Aim High Limited ("AH") of S\$6.1 million. AH is engaged in the marketing and distribution of batteries in Eastern Europe;
- Ningbo GP Sanyo of S\$9.2 million. Ningbo GP Sanyo is engaged in the production of primary lithium batteries in China.

The increase in current assets of S\$34.7 million was mainly due to the increase in stocks of S\$39.0 million as a result of the increase in business volume for the period.

The increase in current liabilities of S\$114.1 million was mainly due to:

- increase in bank loans for the investment in associates, business expansion, increased working capital and reclassification from non-current bank loans of S\$73.0 million; and
- the reclassification of the Series 1 Note of S\$50 million from non-current liabilities to current liabilities.

The decrease in non-current liabilities of S\$58.1 million was mainly due to the reclassification of the Series 1 Note of S\$50 million and bank loans of S\$7.7 million to current liabilities.

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

Amount repayable in one year or less, or on demand

As at 31.12.04		As at 31.3.04	
Secured	Unsecured	Secured	Unsecured
S\$3,227,000	S\$257,430,000	S\$4,024,000	S\$133,885,000

Amount repayable after one year

As at 31.12.04		As at 31.3.04	
Secured	Unsecured	Secured	Unsecured
S\$6,815,000	S\$130,949,000	S\$6,737,000	S\$190,216,000

Details of any collateral

The net book value of fixed assets included an amount of S\$12,902,000 (as at 31/3/04: S\$11,520,000) for the Group and S\$62,000 (as at 31/3/04: S\$77,000) for the Company in respect of certain machinery, moulds and equipment held under finance leases.

Land and buildings with a total net book value of S\$3,845,000 (as at 31/3/04: S\$3,922,000) for the Group have been pledged to banks as securities for banking facilities granted.

Other comments to paragraph 1(b)(ii)

Not applicable.

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

	Q3 ended 31.12.04 S\$'000	Q3 ended 31.12.03 S\$'000
Cash flows from operating activities		
(Loss)/profit before income tax and share of results of associates	(15,800)	14,649
Adjustments for:		
Depreciation and amortisation	11,381	11,091
Interest expense	3,490	2,460
Interest income	(73)	(83)
(Gain)/loss on disposal of property, plant and equipment	(139)	52
Provision for advance to an associate	13,640	0
Operating profit before working capital changes	12,499	28,169
Stocks	3,258	(18,460)
Debtors	20,342	(13,004)
Deposits and prepayments	6,917	10,547
Creditors and accrued charges	(7,600)	7,521
Cash generated from operations	35,416	14,773
Interest received	68	73
Interest paid	(4,041)	(2,350)
Income tax paid	(219)	(4,160)
Net cash from operating activities	31,224	8,336
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired (Note A)	0	369
Acquisition of an associate	(4,515)	0
Dividends received from associates	293	95
Advance to an associate	(1,645)	0
Increase in other investments	0	(1,273)
Proceeds from disposal of property, plant and equipment	1,134	494
Purchase of property, plant and equipment	(9,816)	(16,433)
Net cash used in investing activities	(14,549)	(16,748)
Cash flows from financing activities		
Bank loans obtained/(repaid)	102	(80,157)
Dividends paid	(4,159)	0
Issue of Notes	0	106,248
Issue of shares	242	2,239
Dividend paid to minority shareholders	(51)	(2,046)
Proceeds from obligations under finance leases	0	5,701
Obligations under finance leases	(587)	(687)
Net cash (used in)/from financing activities	(4,453)	31,298
Net effect of exchange rate changes in consolidating subsidiaries	(6,108)	(2,290)
Net increase in cash and cash equivalents	6,114	20,596
Cash and cash equivalents at beginning of period	40,919	46,600
Cash and cash equivalents at end of period (Note B)	47,033	67,196

	Q3 ended 31.12.04 S\$'000	Q3 ended 31.12.03 S\$'000
Note A:		
The assets and liabilities of a subsidiary acquired during the period were as follows:		
Property, plant and equipment	0	113
Bank balances, deposits and cash	0	387
Debtors	0	803
Stocks	0	389
Creditors and accrued charges	0	(1,608)
Minority interests	0	(33)
Net assets acquired	0	51
Transfer from interest in associates	0	(33)
Consideration of the acquisition	0	18
Less bank balances, deposits and cash acquired	0	(387)
Cash flow on acquisition, net of cash acquired	0	(369)
Note B:		
Cash and cash equivalents at end of period comprise:		
Bank balances, deposits and cash	47,828	68,777
Bank overdrafts	(795)	(1,581)
	47,033	67,196

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.

	Share capital S\$'000	Share premium S\$'000	Capital/ legal reserve S\$'000	Translation reserve S\$'000	Property revaluation reserve S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
Group								
Balance at 1.10.03	84,575	137,703	(28,676)	(30,398)	2,093	6,048	151,712	323,057
Issue of shares	759	0	0	0	0	0	0	759
Premium arising from issue of shares, net of expenses	0	1,480	0	0	0	0	0	1,480
Translation loss	0	0	0	(4,208)	0	0	0	(4,208)
Profit attributable to shareholders	0	0	0	0	0	0	13,556	13,556
Balance at 31.12.03	85,334	139,183	(28,676)	(34,606)	2,093	6,048	165,268	334,644
Balance at 1.10.04	87,420	143,007	(28,623)	(35,981)	1,978	4,159	177,702	349,662
Issue of shares	143	0	0	0	0	0	0	143
Premium arising from issue of shares, net of expenses	0	99	0	0	0	0	0	99
Translation loss	0	0	0	(4,286)	0	0	0	(4,286)
Transfer to (from) reserves	0	0	20	0	0	0	(20)	0
Loss attributable to shareholders	0	0	0	0	0	0	(18,350)	(18,350)
Dividends paid	0	0	0	0	0	(4,159)	0	(4,159)
Balance at 31.12.04	87,563	143,106	(28,603)	(40,267)	1,978	0	159,332	323,109

	Share capital S\$'000	Share premium S\$'000	Translation reserve S\$'000	Dividend reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
Company						
Balance at 1.10.03	84,575	137,703	(16,835)	6,048	112,292	323,783
Issue of shares	759	0	0	0	0	759
Premium arising from issue of shares, net of expenses	0	1,480	0	0	0	1,480
Translation loss	0	0	(2,314)	0	0	(2,314)
Profit attributable to shareholders	0	0	0	0	5,021	5,021
Balance at 31.12.03	85,334	139,183	(19,149)	6,048	117,313	328,729
Balance at 1.10.04	87,420	143,007	(23,185)	4,159	129,037	340,438
Issue of shares	143	0	0	0	0	143
Premium arising from issue of shares, net of expenses	0	99	0	0	0	99
Translation loss	0	0	(6,051)	0	0	(6,051)
Loss attributable to shareholders	0	0	0	0	(2,051)	(2,051)
Dividends paid	0	0	0	(4,159)	0	(4,159)
Balance at 31.12.04	87,563	143,106	(29,236)	0	126,986	328,419

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 30 September 2004, 179,000 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 30 September 2004	109,275,168	87,420
- Issued at S\$1.41 per share	104,000	83
- Issued at S\$1.60 per share	4,000	3
- Issued at S\$1.25 per share	71,000	57
As at 31 December 2004	109,454,168	87,563

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:

Share option	Date of Expiry	Exercise Price per each ordinary share of S\$0.80	As at 31.12.04	As at 31.12.03
1992 Scheme				
No. 7	5 August 2004	S\$3.08	0	1,904,000
1999 Scheme				
No. 1	16 March 2010	S\$1.41	375,000	586,000
No. 2	10 October 2010	S\$1.60	517,000	748,000
No. 2	10 October 2005	S\$1.60	30,000	60,000
No. 3	4 August 2012	S\$1.25	1,004,000	1,900,000
No. 3	4 August 2007	S\$1.25	70,000	100,000
No. 4	24 June 2013	S\$2.50	2,400,000	2,400,000
No. 4	24 June 2008	S\$2.50	100,000	100,000
			4,496,000	7,798,000

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 period as those adopted for the audited financial statements for the financial year ended 31 March 2004.

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. (Loss)/earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Q3 ended 31.12.04	Q3 ended 31.12.03	YTD 31.12.04	YTD 31.12.03
(Loss)/earnings per ordinary share for the period after deducting any provision for preference dividends:				
(a) Based on weighted average number of ordinary shares in issue	(16.77) cents	12.77 cents	1.49 cents	35.71 cents
(b) On a fully diluted basis	(16.77) cents *	12.36 cents	1.46 cents	34.96 cents
Weighted average number of ordinary shares	109,434,277	106,150,453	108,246,468	104,952,083

* For Q3 ended 31.12.04, there was no dilutive effect from the outstanding share options.

For earnings per ordinary share calculation, the weighted average number of ordinary shares for the period represents the number of ordinary shares in issue at the beginning of the period adjusted for shares issued upon exercise of options, multiplied by a time-weighted factor. For the purpose of calculation the diluted earnings per ordinary shares, 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 financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31.12.04 S\$	31.3.04 S\$	31.12.04 S\$	31.3.04 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	2.95	3.13	3.00	3.14

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) 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; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover for the three months ended 31 December 2004 was S\$230.8 million, an increase of 2.8% over the corresponding quarter of last year. The consolidated net loss after taxation and minority interests attributable to members of the Company for the third quarter was S\$18.4 million, against a profit of S\$13.6 million for the corresponding quarter last year.

For the nine months ended 31 December 2004, the Group's turnover was S\$671.2 million, an increase of 6.9% over the same period last year. The consolidated net profit after taxation and minority interests attributable to members of the Company decreased by 95.7% to S\$1.6 million.

Turnover rose mainly due to the continued increase in sales of Nickel Metal Hydride and Alkaline primary cylindrical batteries. However, the decrease in sales of Nickel Cadmium batteries has lowered the overall growth in turnover.

Export sales to North & South America and Europe continued to register substantial growth.

Gross profit margin decreased mainly due to raw material costs, especially Nickel and Cobalt, continued to remain at high levels compared to the previous corresponding period.

Other operating income for the three months ended 31 December 2004 were S\$3.0 million, an increase of S\$2.7 million over the corresponding quarter of last year. This was mainly due to dividend income from investments.

Distribution expenses for the three months ended 31 December 2004 were S\$14.4 million, a decrease of 6.6% over the corresponding quarter last year. This was mainly due to less advertising and promotion expenses incurred during the period.

Administrative expenses for the three months ended 31 December 2004 were S\$20.6 million, a decrease of 22.5% over the corresponding quarter last year. This was mainly due to lower payroll costs as a result of cost control.

Finance expenses for the three months ended 31 December 2004 were S\$3.5 million, an increase of 41.9% over the corresponding quarter of last year. This was mainly due to the increase in interest rates and bank borrowings.

Exceptional items for the three months ended 31 December 2004 were S\$20.4 million. These consist of losses provided for the Danionics project, as announced on 29 December 2004, which include provisions made for an advance of S\$13.6 million as well as a S\$4.3 million guarantee issued to Nordea Bank A/S; and an additional S\$2.5 million in this quarter for the compensation, medical and hospital expenses of workers affected in our two plants in Huizhou, China.

As a result of the above expenses, in particular the provisions made in relation to the joint venture formed with Danionics A/S, profit before share of results of associates decreased by S\$30.4 million for the quarter ended 31 December 2004 compared to the previous corresponding period.

The share of results of associates for the three months and nine months ended 31 December 2004 was S\$0.07 million and S\$3.3 million respectively, a decrease of 97.4% and 57.3% over the corresponding period of last year. This was mainly due to the inclusion of the pre-operating loss of the 50% owned associate, Danionics Asia Limited.

Sales of Li-ion batteries were lower than budget though marginal growth was recorded in this quarter, while sales of alkaline cylindrical batteries produced by Zhongyin Ningbo Battery Co Ltd continued to grow strongly.

The construction of the joint venture factory in Ningbo, China with Sanyo to produce primary Lithium batteries is on schedule.

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

These results are in line with the statement made by the Company in the announcement of results on 9 November 2004 for the financial period ended 30 September 2004 and Profit Warning Announcement made on 29 December 2004 wherein it was stated that the Group will be making appropriate provisions for losses in respect of an advance to an associate and guarantee issued.

10. A commentary at the date of the announcement of the significant trends and 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 operating environment for the remaining and next financial year will be difficult. Sales are expected to remain steady. However, margins will still be under pressure due to high raw material prices and keen competition. Additional expenses for the compensation, medical and hospital expenses for cadmium issue are expected to be reduced. The business outlook for Li-ion batteries remains difficult in the short-term but production of Nickel Metal Hydride batteries is expected to continue to increase. The Group will continue its efforts to gain market share so that when business conditions improve, it will be in a better position to reap the benefits.

Management of the Danionics joint venture is in the process of reassessing the prospect of the project.

The Group will continue to streamline its operations to further reduce cost. One of the measures that has been taken was to close our plant in Denmark and consolidate the manufacturing of Alkaline 9-Volt batteries in Malaysia during the first quarter of 2005/06.

The joint venture with Sanyo, to produce primary Lithium batteries, will commence operation in the middle of this year .

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/recommended, 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)*

Not applicable.

BY ORDER OF THE BOARD

Andrew Ng Sung On
Chairman and Chief Executive
01/02/2005