

Announcement of Unaudited Results

For The First Quarter Ended 30 June 2005

The Board of Directors of GP Batteries International Limited is pleased to announce the unaudited results of the Group for the first quarter ("Q1") ended 30 June 2005 as set out below:

	The Group		
	Q1 ended 30.6.05 S\$'000	Q1 ended 30.6.04 S\$'000 (restated)	Change %
1 Revenue	217,061	219,578	(1.1)
Cost of sales	<u>(176,182)</u>	<u>(167,143)</u>	5.4
Gross profit	40,879	52,435	(22.0)
Other operating income	752	945	(20.4)
Distribution expenses	(11,852)	(11,744)	0.9
Administrative expenses	(18,764)	(24,555)	(23.6)
Other operating expenses	(947)	(115)	723.5
Finance costs	<u>(4,072)</u>	<u>(2,431)</u>	67.5
Profit before exceptional items	5,996	14,535	(58.7)
Exceptional items	<u>(2,245)</u>	-	n/m
Profit before share of results of associates	3,751	14,535	(74.2)
Share of results of associates	<u>1,716</u>	<u>2,121</u>	(19.1)
Profit before income tax	5,467	16,656	(67.2)
Income tax expense	<u>(808)</u>	<u>(2,670)</u>	(69.7)
Profit after income tax	<u>4,659</u>	<u>13,986</u>	(66.7)
Attributable to:			
Equity holders of the Company	3,871	12,501	(69.0)
Minority interests	<u>788</u>	<u>1,485</u>	(46.9)
	<u>4,659</u>	<u>13,986</u>	(66.7)

n/m – not meaningful

Figures for prior period have been restated to reflect the adoption of new and revised Financial Reporting Standards.

2 Earnings per ordinary share of S\$0.80 each		
(a) Basic	3.54 cents	11.69 cents
(b) Fully diluted	3.44 cents	11.38 cents
Weighted average number of ordinary shares	109,457,684	106,958,234

3 Review of Performance

Turnover for the three months ended 30 June 2005 decreased marginally by 1.1% to S\$217.1 million over the corresponding period last year. The consolidated profit before exceptional items decreased from S\$14.5 million to S\$6.0 million. The Group recorded an exceptional loss of S\$2.2 million for the current quarter. The profit after tax attributable to the equity holders of the Company for the first quarter was S\$3.9 million, against a profit of S\$12.5 million for the corresponding quarter last year.

The profit before exceptional items for the current quarter exceeded that of the Q4 ended 31 March 2005 by over S\$0.2 million or 3%.

Sales of 9-Volt Alkaline batteries and Nickel Cadmium rechargeable batteries decreased by 39% and 48% respectively. However, the decrease was offset by the strong demand for Alkaline primary cylindrical batteries and Nickel Metal Hydride rechargeable batteries, the sales of which increased by 31% and 18% respectively.

Gross profit margin continued to be affected by the high raw material commodity prices, especially those of nickel, cobalt and zinc, and keen competition in the battery market.

Total administrative expenses for the quarter were lower as compared to the previous corresponding quarter due to tighter cost controls and lower payroll cost.

As part of the Group's efforts to streamline operating costs our manufacturing operations in Denmark, Malaysia and Hong Kong were consolidated with the other factories and an exceptional loss of S\$2.2 million was incurred in the current quarter. The closing of our 9V Alkaline batteries plant in Denmark, the relocation of operations into the Malaysian factory, and the shifting of the Nickel Metal Hydride rechargeable batteries operations in Malaysia to China are progressing steadily and are expected to be completed on schedule by the second quarter of current financial year. The relocation of part of the Lithium Ion batteries production facilities from Taiwan and Hong Kong to China is in progress.

The Group is currently in close discussion with our Danish partner, Danionics A/S, on the future of the joint venture company, Danionics Asia Limited.

The court of first instance in Huizhou Municipality, Guangdong, China ruled that the cadmium exposure claims brought by the 65 ex-workers had no legal basis. Another group of 244 ex-workers recently filed similar claims against the Company, and the cases are scheduled to be heard in early September 2005.

In our constant efforts to ensure the well-being of our workers, the Group has established a "GP Batteries Industrial Safety Trust Fund" of HK\$10 million or S\$2.2 million to provide financial assistance and support beyond statutory requirements to employees in Hong Kong and China who might have suffered from cadmium over-exposure or other occupational diseases related to battery production. HK\$4 million or S\$0.9 million have already been distributed in 2004 to the employees as immediate assistance through the provisional trust fund with another HK\$2 million or S\$0.4 million made upon the formation of the trust fund in August. The balance of HK\$4 million or S\$0.9 million will be injected at a rate of not more than HK\$1 million or S\$0.2 million per year. This trust fund will be monitored and managed by an independent committee.

4 Prospects

Demand for our products is expected to remain steady. Price increases initiated in the last quarter have had mixed results. Operating profit for the current quarter has seen slight recovery as compared to Q4 last year. However, the business outlook continues to be uncertain as rising interest rates and keen competition is expected to keep margins under pressure. The unpegging of Renminbi and Malaysian Ringgit will have some adverse impact on the Group. On the other hand, the recent easing of prices for raw materials, if persists, will have a positive effect on cost from the third quarter onwards.

The Group will continue to streamline its operations and actively manage costs. Meanwhile, it will continue to promote its GP brand name and to put in efforts to maintain its market share and position itself for growth in the future.

By Order of the Board
Andrew Ng Sung On
Chairman and Chief Executive
Singapore, 10 August 2005