

Announcement of Unaudited Results and Dividend for the year ended 31 March 2003

The Board of Directors of GP Batteries International Limited is pleased to announce the unaudited results of the Group for the year ended 31 March 2003 as set out below:

		The Group		
		2003	2002	%
		S\$'000	S\$'000	+/(-)
1.	Revenue	660,737	554,039	19.3
	Cost of sales	(488,046)	(431,098)	13.2
	Gross profit	172,691	122,941	40.5
	Other operating income	1,878	5,116	(63.3)
	Distribution expenses	(50,942)	(33,713)	51.1
	Administrative expenses	(79,771)	(69,006)	15.6
	Other operating expenses	(4,645)	(996)	366.4
	Profit from operations	39,211	24,342	61.1
	Finance costs	(9,826)	(13,841)	(29.0)
	Profit before share of results of associates	29,385	10,501	179.8
	Share of results of associates	7,797	8,681	(10.2)
	Profit before income tax	37,182	19,182	93.8
	Income tax expense	(5,561)	(2,623)	112.0
	Profit after income tax	31,621	16,559	91.0
	Minority interests	963	640	50.5
	Profit attributable to shareholders	32,584	17,199	89.5
2.	Revenue			
	First half year	327,370	282,076	16.1
	Second half year	333,367	271,963	22.6
		660,737	554,039	19.3

3.	Profit after income tax			
	First half year	14,965	10,793	38.7
	Second half year	16,656	5,766	188.9
		31,621	16,559	91.0
4.	Earnings per ordinary share of S\$0.80 each			
	(a) Basic	31.48 cents	16.62 cents	
	(b) Fully diluted	31.32 cents	16.57 cents	
5.	Net tangible asset backing per ordinary share of S\$0.80 each	S\$2.39	S\$2.30	

6. Review of Performance

The Group achieved record high turnover and profit for the year under review. Turnover for the year ended 31 March 2003 was S\$660.7 million, an increase of 19.3% over the previous year. The consolidated net profit after taxation and minority interests attributable to members of the Company was S\$32.6 million, an increase of 89.5%.

The record turnover was due to the strong growth of the consumer primary batteries, the increase in turnover of high-capacity Nickel Metal Hydride batteries as well as the consolidation of the sales of Zhongyin (Ningbo) Battery Co Ltd (“Ningbo Batteries”) after the acquisition in November 2002.

Gross profit margin improved 40.5% to S\$172.7 million. This was due to change in product mix and a more stable market. Cost reduction as a result of operational rationalisation over the last few years and relatively low interest rates also contributed to the strong upsurge in profit.

Other operating income was S\$1.9 million, a decrease of S\$3.2 million. In 2003, the Group recorded a net exchange loss of S\$0.4 million against a net exchange gain of S\$2.9 million recorded in the previous year. The net exchange gain arose mainly on outstanding receivables denominated in US\$ and HK\$ in the holding company as the US\$ strengthened against the Singapore dollar during that year. The exchange rates of these currencies against S\$ remained steady for 2003.

Distribution expenses increased by 51.1% to S\$50.9 million. This was due to aggressive advertising and promotional activities for the GP brand in China and Hong Kong. According to AC Nielsen's survey report in Hong Kong published in early 2003, the Group achieved the fastest growth in sales volume and value in the alkaline segment among other brands in Year 2002.

Other operating expenses increased by S\$3.6 million to S\$4.6 million mainly due to provisions made for some of the Group's property, plant and equipments.

Interest on borrowings incurred during the year decreased by 29.0% mainly due to lower interest rates on term loans despite an increase in bank borrowings from S\$247.8 million to S\$299.5 million to finance the acquisition of Ningbo Batteries.

The income tax expense was S\$5.6 million which was in line with the increase in profit to S\$37.2 million. As a result, the effective tax rate for the year was 15.0% of the total reported profit as compared to 13.7% for last year.

Depreciation and amortisation charges for the year amounted to S\$43.1 million, an increase of 49.9% over last year. The increase was mainly due to the commencement of commercial production of our Li-ion batteries during the year.

In November 2002, the Group has completed its acquisition of 75% stake in Ningbo Batteries, the second largest alkaline battery manufacturer in China, which has a strong distribution network spanning over 80 major cities throughout China. As a result, production facilities of Huizhou Modern Battery Limited, the subsidiary that manufactures primary alkaline cylindrical batteries, has been relocated and consolidated with Ningbo Batteries to further improve production efficiency. Performance of Ningbo Batteries has been satisfactory.

In March 2003, GP Batteries International Limited acquired an additional 5% interest in Gold Peak Industries (Taiwan) Limited ("GPIT") from Meiloon Industrial Company Limited, thereby increasing the shareholding in GPIT to about 80%.

The comprehensive range of Lithium Ion ("Li-ion") batteries launched in 2002 was already in place and production has been increased, especially for the prismatic Li-ion batteries, to meet expected demands.

The Thin Metal Film ("TMF") Lead Acid battery facility in Singapore has commenced commercial production in the first quarter of 2003. Initial market response to TMF batteries as an emergency starter battery to automobile and marine markets has been encouraging.

7. Dividend

The Directors are recommending a final dividend of 10.0% or 8.0 (2002: 5.0% or 4.0) Singapore cents per share tax-exempt in respect of the financial year ended 31 March 2003 for approval at the next Annual General Meeting to be convened.

An interim tax-exempt dividend of 5.25% or 4.2 (2002: 3.875% or 3.1) Singapore cents per share was paid on 14 January 2003.

The payment of the interim dividend together with the proposed final dividend will result in a total tax-exempt dividend of 15.25% or 12.2 (2002: 8.875% or 7.1) Singapore cents per share. Total dividend for the year is S\$12,654,703 (2002: S\$7,350,663) based on 103,845,168 shares in issue at the date of this announcement.

8. Closure of the Books

The dividend payment date and the notice of closure of the Register of Members and Transfer Books of the Company for the purpose of determining the entitlement to the dividend will be announced at a later date.

9. Prospects

The business outlook is cautiously optimistic as the full impact of SARS on the economy has yet to be seen. The Group will continue to promote the GP brand name aggressively and capitalize on the strong worldwide distribution network especially China. Production capacity, in particular for Li-ion batteries, will be expanded to cater to further increase in demands.

The Group will continue to explore more business opportunities for EV batteries and TMF Lead Acid batteries.

In June 2003, Energizer Holdings, Inc and Eveready Battery Company, Inc ("EBC") have initiated a United States International Trade Commission ("ITC") action against various companies in the Industry for infringement of their patent in zero-mercury-added alkaline batteries. If successful it would prevent the importation of our alkaline batteries into USA. Management is of the opinion that any action against the Group is without merit and the Group will aggressively defend its position. The investigation is likely to take over one year before the final verdict is known.

Barring unforeseen circumstances, the Directors expect the Group to achieve another profitable year.

By Order of the Board
Andrew Ng Sung On
Chairman and Chief Executive
Singapore, 17 June 2003