

Announcement of Unaudited Results & Dividends

For The Year Ended 31 March 2004

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 2004 as set out below:

The Group						
	Q4 ended 31/3/2004 S\$'000	Q4 ended 31/3/2003 S\$'000	% +/(-)	YTD 31/3/2004 S\$'000	YTD 31/3/2003 S\$'000	% +/(-)
1. Revenue	199,044	149,682	33.0	827,158	660,737	25.2
Cost of sales	(139,931)	(100,511)	39.2	(606,341)	(488,046)	24.2
Gross profit	59,113	49,171	20.2	220,817	172,691	27.9
Other operating income	413	274	50.7	1,893	1,878	0.8
Distribution expenses	(21,510)	(17,511)	22.8	(61,320)	(50,942)	20.4
Administrative expenses	(24,655)	(21,465)	14.9	(97,824)	(79,771)	22.6
Other operating expenses	(1,374)	(826)	66.3	(4,268)	(4,645)	(8.1)
Profit from operations	11,987	9,643	24.3	59,298	39,211	51.2
Finance costs	(2,357)	(1,984)	18.8	(9,717)	(9,826)	(1.1)
Profit before share of results of associates	9,630	7,659	25.7	49,581	29,385	68.7
Share of results of associates	1,130	1,495	(24.4)	8,751	7,797	12.2
Profit before income tax	10,760	9,154	17.5	58,332	37,182	56.9
Income tax expense	(2,267)	(1,749)	29.6	(9,239)	(5,561)	66.1
Profit after income tax	8,493	7,405	14.7	49,093	31,621	55.3
Minority interests	(734)	295	N/M	(3,851)	963	N/M
Profit attributable to shareholders	7,759	7,700	0.8	45,242	32,584	38.8
N/M: not meaningful						
2. Revenue				S\$'000	S\$'000	%
First half year				403,563	327,370	23.3
Second half year				423,595	333,367	27.1
				827,158	660,737	25.2
3. Profit after income tax				S\$'000	S\$'000	%
First half year				25,843	14,965	72.7
Second half year				23,250	16,656	39.6
				49,093	31,621	55.3

4. Earnings per ordinary share of S\$0.80 each				
(a) Basic	7.27 cents	7.44 cents	42.93 cents	31.48 cents
(b) Fully diluted	7.05 cents	7.36 cents	41.92 cents	31.32 cents
Weighted average number of ordinary shares	106,721,266	103,522,968	105,391,965	103,507,198
5. Net assets backing per ordinary share of S\$0.80 each			S\$3.13	S\$2.96

6. Review of Performance

Fourth quarter ended 31 March

The Group's turnover for the three months ended 31 March 2004 was S\$199.0 million, an increase of 33.0% over the corresponding period last year. The consolidated net profit after taxation and minority interests attributable to members of the Company for the fourth quarter was S\$7.8 million, an increase of 0.8%.

Sales in Asia, especially Hong Kong and China, increased by about 36% while those for Europe and North and South America increased by about 35% and 22% respectively over the corresponding quarter.

Gross profit margin for the fourth quarter of 29.7% was lower than the corresponding period last year of 32.9% due to the dramatic increase in the price of raw materials for rechargeable batteries especially nickel and cobalt. However, this was cushioned by the increase in sales and a more profitable product mix. Overall, the gross profit increased by 20.2% to S\$59.1 million.

The higher administrative expenses included a one-off legal fee incurred by the Group in defending itself against the International Trade Commission action initiated by Energizer Holdings, Inc and Eveready Battery Company, Inc ("Energizer") on patent infringement in the USA.

Full year ended 31 March

For the year ended 31 March 2004, the Group's turnover was a record S\$827.2 million, an increase of 25.2% over the previous year. The consolidated net profit after taxation and minority interests attributable to members of the Company increased by 38.8% to S\$45.2 million.

Despite the interruption caused by the SARS outbreak, turnover of Lithium-ion batteries grew by over 40% in the past year, reflecting the growing acceptance of our batteries by the market.

Nickel Metal Hydride rechargeable batteries registered a healthy growth for the year fuelled by strong demand for high-drain portable electronic devices. The Group is now one of the top three Nickel Metal Hydride battery manufacturers in the world. We are increasing production capacity to meet growing demand. To maintain our leading market position, we have successfully developed the 2500mAh AA and 950mAh AAA Nickel Metal Hydride consumer rechargeable batteries, which are of the highest capacity for their sizes in the world.

Distribution expenses incurred for the year were higher as compared to the previous year as the Group invested aggressively in advertising and promotional activities, especially in China, to further strengthen the Group's market position.

According to a survey conducted by AC Nielson, GP brand was ranked first in the market share growth of alkaline batteries in Hong Kong for the second consecutive year.

Income tax expense was in line with the increase in profit. The effective tax rate for the year was about 15.8% of the total reported profit.

The increase in minority interest was mainly related to Zhongyin Ningbo Battery Co. Ltd, a 75%-owned subsidiary acquired by the Group in November 2002.

The Company was notified on 26 January 2004 that its application for the extension of International Headquarters ("IHQ") Award by the Economic Development Board of Singapore had been approved. The IHQ status shall be for a 5-year period commencing 1 July 2002.

On 30 January 2004, the Group's patent dispute with Energizer was resolved through a cross licensing agreement which allows GP Batteries to operate freely throughout the world.

In January 2004, TCL Corporation ("TCL") in which the Group holds 47 million shares as long term investments obtained listing on the Shenzhen Stock Exchange.

In April 2004, the Group entered into an agreement with Danionics A/S of Denmark to set up a joint venture ("JV") company for the production of Lithium Polymer batteries in the People's Republic of China. Danionics A/S is a public company listed on the stock exchange in Copenhagen, which has been engaged in the commercialization of Lithium Polymer batteries since 1994. Products from this JV will complement the range of batteries manufactured by the Group.

In May 2004, the Group acquired a 50% interest in Aim High Limited, a company which has been marketing and distributing primary and rechargeable cylindrical batteries in the consumer market in Eastern Europe, particularly Russia, since 1995. This acquisition consolidates the Group's marketing channels and distribution network in Eastern Europe and Russia.

7. Dividend

The Directors are recommending a final dividend of 12.875% or 10.3 (2003: 10.0% or 8.0) Singapore cents per share tax-exempt in respect of the financial year ended 31 March 2004 for approval at the next Annual General Meeting to be convened.

An interim tax-exempt dividend of 7.125% or 5.7 (2003: 5.25% or 4.2) Singapore cents per share was paid on 5 January 2004.

The payment of the interim dividend together with the proposed final dividend will result in a total tax-exempt dividend of 20.0% or 16.0 (2003: 15.25% or 12.2) Singapore cents per share. Total dividend for the year is S\$17,199,696 (2003: S\$12,654,703) based on 106,979,168 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 entitlement to the proposed dividend will be announced after the forthcoming Annual General Meeting.

9. Prospects

The general business outlook continues to be steady. There are signs that commodity prices are gradually stabilizing. The threat of substantial raw material price increases, except for cobalt, appears to have passed.

The Group intends to aggressively expand its production capacity of rechargeable batteries. We will continue to promote the GP brand aggressively, particularly in Asia and Eastern Europe.

By Order of the Board
Andrew Ng Sung On
Chairman and Chief Executive
Singapore, 25 May 2004