

Announcement of Unaudited Results and Dividend for the Six Months ended 30 September 2002

The Board of Directors of GP Batteries International Limited is pleased to announce an extract of the unaudited results of the Group for the six months ended 30 September 2002 as set out below:

		The Group		
		2002	2001	%
		S\$'000	S\$'000	+ / (-)
1.	Turnover	327,370	282,076	16.1
	Cost of sales	(258,559)	(223,098)	15.9
	Gross profit	<u>68,811</u>	<u>58,978</u>	16.7
	Investment income	<u>40</u>	<u>0</u>	N/M
	Other income including interest income	<u>554</u>	<u>536</u>	3.4
	Operating profit before taxation, interest on borrowings, depreciation and amortisation, and foreign exchange loss	38,134	29,093	31.1
	Interest on borrowings	(5,827)	(8,311)	(29.9)
	Depreciation and amortisation	(18,070)	(13,488)	34.0
	Foreign exchange loss	(1,406)	(284)	395.1
	Operating profit before taxation	<u>12,831</u>	<u>7,010</u>	83.0
	Share of results of associated companies	4,380	5,099	(14.1)
	Profit before taxation	<u>17,211</u>	<u>12,109</u>	42.1
	Taxation	(2,246)	(1,316)	70.7
	Profit after taxation	<u>14,965</u>	<u>10,793</u>	38.7
	Minority interests	438	28	1,464.3
	Profit attributable to shareholders	<u>15,403</u>	<u>10,821</u>	42.3
	* N/M - not meaningful			
2.	Earnings per ordinary share of S\$0.80 each			
	(a) Basic	14.88 cents	10.46 cents	
	(b) Fully diluted	14.83 cents	10.41 cents	
3.	Net tangible asset backing per ordinary share of S\$0.80 each	\$2.40	\$2.24	

4. Review of Results

The Group's turnover for the six months ended 30 September 2002 was S\$327.4 million, an increase of 16.1% 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\$15.4 million, an increase of 42.3%.

Gross profit was S\$68.8 million, an increase of 16.7%. This was mainly due to increase in sales of products with better margin and improvement in operating efficiency.

Distribution expenses increased by 12.6% to S\$15.5 million, which is in line with the increase in sales activities. The increase in administrative expenses by 12.4% was mainly due to the increase in amortisation charges and research and development expenditure for Li-ion batteries totaling S\$2.9 million.

Interest on borrowings incurred during the period decreased by 29.9% due to lower interest rates on borrowings.

Depreciation and amortisation charges for the period amounted to S\$18.1 million, an increase of 34.0% over the same period last year. The increase was mainly due to the commencement of commercial production of our Li-ion batteries during the period.

The net exchange loss of S\$1.41 million (2001: S\$0.28 million), arose mainly on outstanding receivables denominated in US dollar and HK dollar as the Singapore dollar strengthened against the US dollar and HK dollar during the period.

The slight decrease in income derived from associated companies was mainly due to the reduction of profitability of a joint venture company in China during the period.

For earnings per ordinary share calculation, the weighted average number of ordinary shares for the period of 103,501,971 (2001: 103,480,933) 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 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 option.

The increase in net tangible asset backing per ordinary share from S\$2.24 to S\$2.40 was mainly due to the increase in profits of the Group during the period.

5. Business Review

During the six months under review, the Group recovered strongly and achieved a record turnover. Many of the Group's manufacturing plants were running a satisfactory level. Operating profit attributable to members of the Company grew by 42.3%.

Sales in Asia, mainly Hong Kong and China, increased by almost 20%. Rechargeable batteries recorded an increase of over 20% due to strong demand for high capacity NiMH batteries and commencement of commercial production of our Li-ion batteries. Sales to private-label customers remained steady and sales in the consumer markets, particularly GP rechargeable products including the PowerBank (Smart) continued to grow strongly. Performance of the associated companies remained steady.

The Group has launched a comprehensive range of Li-ion batteries since early 2002 and sales of these batteries have increased significantly over the last few months. In-house capability to incorporate electronic circuitry with the batteries has contributed to the Group's competitive advantage.

The Thin Metal Film ("TMF") lead acid battery facilities had been set up and trial production is in progress. Full commercial production is expected to commence in early 2003. The Group has started to launch its TMF batteries as an emergency starter battery to the automobile and marine markets.

The Group has delivered six sets of Electric Vehicles ("EV") batteries for the Advance Public Transport vehicle of The Netherlands and has received very encouraging feedback from the project leader.

In May 2002, the Group established a S\$500 million Multicurrency Debt Issuance Programme and appointed DBS Bank as the Lead Manager for the first issue of S\$50 million Fixed Rate Notes due 2005 under the Programme. The proceeds from the issue were used to refinance existing bank borrowings and provide for business operations and expansions.

In September 2002, the Group announced that it had entered into two conditional sales and purchase agreements to acquire 75% stake in Zhongyin (Ningbo) Battery Co Ltd ("Ningbo Batteries") for a total cash consideration of RMB230 million (approximately S\$48.7 million). Ningbo Batteries, which is the second largest alkaline battery producer in China, has a strong distribution network in over 80 major cities throughout the country.

In the opinion of the Directors of the Company, no item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between 30 September 2002 and the date on which this report is issued.

6. Interim Dividend

The Board is pleased to declare an interim tax-exempt dividend of 5.25% or 4.2 (2001: 3.875% or 3.1) Singapore cents per share for the financial year ending 31 March 2003.

7. 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.

8. Prospects

The outlook for the second half year remains optimistic. Market prices for batteries have generally stabilized. Demand for Li-ion and high capacity NiMH batteries is expected to grow. The Group has embarked on a renewed effort to expand its production capacities in its existing plants to cater for further growth.

The Group's worldwide GP distribution network is expected to benefit with the availability of highly competitive alkaline batteries from Ningbo Batteries. The distribution network of Ningbo Batteries will also enhance the Group's position in the China consumer market.

The Group will continue to explore emerging opportunities in EV batteries and TMF lead acid batteries. It has received further orders for a project in Italy to power a fleet of electric trams.

Barring any unforeseen circumstances, the Directors expect the Group's results for the second half year to remain profitable.

By Order of the Board
Andrew Ng Sung On
Chairman and Chief Executive
Singapore, 3 December 2002