

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

GP BATTERIES INTERNATIONAL LIMITED

First Quarter Financial Statement And Dividend Announcement for the Period Ended 30 June 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 first quarter ended 30 June 2004.

	Q1 ended 30/6/2004 S\$'000	Q1 ended 30/6/2003 S\$'000	Change %
Revenue	219,578	189,558	15.8
Cost of sales	(167,143)	(143,377)	16.6
Gross profit	52,435	46,181	13.5
Other operating income	945	852	10.9
Distribution expenses	(11,744)	(9,531)	23.2
Administrative expenses	(24,426)	(21,168)	15.4
Other operating expenses	(115)	(1,500)	(92.3)
Profit from operations	17,095	14,834	15.2
Finance costs	(2,431)	(2,688)	(9.6)
Profit before share of results of associates	14,664	12,146	20.7
Share of results of associates	2,121	2,442	(13.1)
Profit before income tax	16,785	14,588	15.1
Income tax expense	(2,670)	(2,146)	24.4
Profit after income tax	14,115	12,442	13.4
Minority interests	(1,485)	(1,077)	37.9
Profit attributable to shareholders	12,630	11,365	11.1

	Q1 ended 30/6/2004 S\$'000	Q1 ended 30/6/2003 S\$'000
Depreciation and amortisation	(10,817)	(11,059)
Allowances for stock obsolescence	(1,990)	(1,721)

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.

	30/6/2004	The Group 31/3/2004	30/6/2004	The Company 31/3/2004
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	301,097	296,897	7,315	7,426
Interest in subsidiaries	0	0	528,563	506,224
Interest in associates	49,091	30,453	11,453	11,453
Other investments	23,481	23,595	0	0
Deferred expenditure	36,026	36,699	1,958	2,036
Goodwill on consolidation	13,698	14,084	0	0
	423,393	401,728	549,289	527,139
Current assets				
Stocks	224,170	191,038	4,668	4,612
Debtors	221,403	208,024	9,708	9,662
Deposits and prepayments	20,761	16,420	1,106	957
Bank balances, deposits and cash	53,237	53,229	7,064	9,055
Total current assets	519,571	468,711	22,546	24,286
Current liabilities				
Creditors and accrued charges	(167,413)	(151,392)	(27,446)	(15,813)
Obligations under finance leases	(2,658)	(3,299)	(22)	(22)
Income tax payable	(1,262)	(2,533)	(1,107)	(986)
Bank loans and overdrafts	(160,727)	(134,609)	(30,793)	(26,503)
Total current liabilities	(332,060)	(291,833)	(59,368)	(43,324)
Non-current liabilities				
Bank loans	(47,304)	(34,872)	(17,030)	(16,785)
Obligations under finance leases	(6,845)	(6,727)	(20)	(24)
Notes	(156,092)	(155,355)	(156,092)	(155,355)
Deferred tax liabilities	(4,768)	(4,895)	(625)	(625)
Total non-current liabilities	(215,009)	(201,849)	(173,767)	(172,789)
	395,895	376,757	338,700	335,312
Represented by:				
Share capital	85,671	85,436	85,671	85,436
Reserves	266,318	249,112	253,029	249,876
Shareholders' funds	351,989	334,548	338,700	335,312
Minority interests	43,906	42,209	0	0
	395,895	376,757	338,700	335,312

The increase in interest in associates of S\$18.6 million was mainly due to the investments in and loans made to Aim High Limited ("AH") and Danionics Asia Limited ("Danionics") of S\$6.1 million and S\$11.2 million respectively. AH is engaged in the marketing and distribution of batteries in Eastern Europe whereas Danionics is engaged in the production of Lithium Polymer batteries in China.

The increase in current assets of S\$50.9 million was mainly due to the increase in stocks and debtors of S\$33.1 million and S\$13.4 million respectively as a result of the increase in business volume for the period.

The increase in current liabilities of S\$40.2 million was mainly due to:

- the increase in creditors and accrued charges by S\$16.0 million as a result of the increase in manufacturing activities.

- the increase in bank loans and overdrafts of S\$26.2 million for investment, business expansion and working capital purposes.

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

Amount repayable in one year or less, or on demand

As at 30/06/2004		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
3,214,000	160,171,000	4,024,000	133,885,000

Amount repayable after one year

As at 30/06/2004		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
6,857,000	203,384,000	6,737,000	190,216,000

Details of any collateral

The net book value of fixed assets included an amount of S\$11,313,000 (as at 31/3/04: S\$11,520,000) for the Group and S\$72,000 (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\$3,979,000 (as at 31/3/04: S\$3,922,000) of the Group have been pledged to banks as securities for banking facilities granted.

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

The Group

	Q1 ended 30/6/2004 S\$'000	Q1 ended 30/6/2003 S\$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates	14,664	12,146
Adjustments for:		
Depreciation and amortisation	10,817	11,059
Interest expense	2,431	2,688
Interest income	(42)	(54)
Loss on disposal of property, plant and equipment	6	881
Operating profit before working capital changes	27,876	26,720

Stocks	(33,132)	(21,124)
Debtors	(13,378)	7,650
Deposits and prepayments	(4,341)	(3,539)
Creditors and accrued charges	16,881	13,025
Cash generated (used in)/from operations	(6,094)	22,732
Interest received	41	53
Interest paid	(3,328)	(2,203)
Income tax paid	(3,972)	(2,386)
Net cash (used in)/from operating activities	(13,353)	18,196
Cash flows from investment activities:		
Acquisition of associates	(6,132)	0
Dividends received from associates	726	0
Loan to an associate	(11,240)	0
Proceeds from disposal of property, plant and equipment	53	898
Proceeds from return of other investments	457	602
Purchase of property, plant and equipment	(9,417)	(15,442)
Net cash used in investing activities	(25,553)	(13,942)
Cash flows from financing activities:		
Bank loans obtained	35,367	17,108
Issue of shares, net of expenses	781	1,185
Dividends paid to minority shareholders	(511)	0
Capital contributions from minority shareholders	81	0
Obligations under finance leases	(670)	(9)
Net cash from financing activities	35,048	18,284
Net effect of exchange rate changes in consolidating subsidiaries	1,193	(3,495)
Net (decrease)/increase in cash and cash equivalents	(2,665)	19,043
Cash and cash equivalents at 1 April	52,934	31,638
Cash and cash equivalents at 30 June (Note A)	50,269	50,681
Note A:		
Cash and cash equivalents at 30 June comprise:		
Bank balances, deposits and cash	53,237	51,869
Bank overdrafts	(2,968)	(1,188)
	50,269	50,681

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.

Statement of changes in equity

The Group	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 S\$'000
Balance at 31/3/2003	82,832	135,675	(29,039)	(28,048)	2,093	8,308	134,297	306,118
Issue of shares	638	0	0	0	0	0	0	638
Premium arising from issue	0	547	0	0	0	0	0	547

of shares, net of expenses								
Translation loss	0	0	0	(4,372)	0	0	0	(4,372)
Transfer to (from) reserves	0	0	117	0	0	0	(28)	89
Profit attributable to shareholders	0	0	0	0	0	0	11,365	11,365
Balance at 30/6/2003	83,470	136,222	(28,922)	(32,420)	2,093	8,308	145,634	314,385
Balance at 31/3/2004	85,436	139,389	(28,638)	(36,689)	2,093	11,019	161,938	334,548
Issue of shares	235	0	0	0	0	0	0	235
Premium arising from issue of shares, net of expenses	0	546	0	0	0	0	0	546
Translation gain	0	0	0	4,030	0	0	0	4,030
Transfer to (from) reserves	0	0	15	0	(115)	0	100	0
Profit attributable to shareholders	0	0	0	0	0	0	12,630	12,630
Balance at 30/6/2004	85,671	139,935	(28,623)	(32,659)	1,978	11,019	174,668	351,989

	Share capital	Share premium	Translation reserve	Dividend reserve	Retained profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Company						
Balance at 31.3.2003	82,832	135,675	(14,854)	8,308	104,034	315,995
Issue of shares	638	0	0	0	0	638
Premium arising from issue of shares, net of expenses	0	547	0	0	0	547
Translation loss	0	0	(2,989)	0	0	(2,989)
Profit attributable to shareholders	0	0	0	0	764	764
Balance at 30.6.2003	83,470	136,222	(17,843)	8,308	104,798	314,955
Balance at 31/3/2004	85,436	139,389	(22,932)	11,019	122,400	335,312
Issue of shares	235	0	0	0	0	235
Premium arising from issue of shares, net of expenses	0	546	0	0	0	546
Translation gain	0	0	2,090	0	0	2,090
Profit attributable to shareholders	0	0	0	0	517	517
Balance at 30/6/2004	85,671	139,935	(20,842)	11,019	122,917	338,700

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.

Details of any changes in the company's issued share capital

Since 31 March 2004, 293,000 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 31/3/2004	106,795,168	85,436
- Issued at S\$3.08 per share	219,000	175
- Issued at S\$1.41 per share	66,000	53
- Issued at S\$1.60 per share	8,000	7
As at 30/6/2004	107,088,168	85,671

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 30/6/2004	As at 30/6/2003
1992 Scheme				
No. 7	5 August 2004	S\$3.08	1,615,000	2,730,000
1999 Scheme				
No. 1	16 March 2010	S\$1.41	511,000	1,235,000
No. 2	10 October 2010	S\$1.60	721,000	1,563,000
No. 2	10 October 2005	S\$1.60	30,000	100,000
No. 3	4 August 2012	S\$1.25	1,900,000	1,900,000
No. 3	4 August 2007	S\$1.25	100,000	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
			7,377,000	10,128,000

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.

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. **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.**

	30/6/2004	Group 30/6/2003
Earnings per ordinary share for the year after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary shares in issue	11.81 cents	10.96 cents
(b) On a fully diluted basis	11.50 cents	10.78 cents
Weighted average number of ordinary shares	106,958,234	103,727,573

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 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 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.**

	30/6/2004 S\$	Group 31/3/2004 S\$	30/6/2004 S\$	Company 31/3/2004 S\$
Net asset value per ordinary share based on issued share capital at the end of the period	3.29	3.13	3.16	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 30 June 2004 was S\$219.6 million, an increase of 15.8% over the corresponding quarter of last year. The consolidated net profit after taxation and minority interests attributable to members of the Company for the first quarter was S\$12.6 million, an increase of 11.1%.

The increase in turnover was mainly attributable to the continued strong export sales to Europe and the continued increase in turnover of Nickel Metal Hydride and Lithium-Ion rechargeable batteries.

Gross profit margin decreased slightly from 24.4% to 23.9% for the quarter under review mainly due to the increased cost of raw materials.

Distribution expenses increased as the Group invested aggressively in advertising and promotional activities to further strengthen its market position.

In April 2004, the Group entered into an agreement with Danionics A/S of Denmark to set up a 50:50 joint venture company for the production of Lithium Polymer batteries in China. The first phase of the relocation of the machineries from Denmark to China is in progress and trial production is targeted to commence early next year.

In May 2004, the Group acquired a 50% interest in Aim High Group Limited, a company which has been marketing and distributing batteries in Eastern Europe, particularly Russia. This acquisition enhances the Group's presence in that region.

In June 2004, the Group entered into an agreement with Sanyo Energy Tottori Co., Ltd. ("Sanyo") to set up a 49:51 joint venture company, "Ningbo GP Sanyo Energy Co., Ltd." to produce primary Lithium batteries in China. The products will be sold in both China and international markets, tapping the well-established worldwide marketing networks of both the Group and Sanyo. This new joint venture will enhance the Group's product range.

The Health Authorities in China has implemented a new set of occupational testing standards in particular, blood-cadmium and urine-cadmium tests. As part of the in-house Industrial Hygiene and Safety exercise, some of the employees at Huizhou Power Pack Company Limited and Huizhou Advanced Battery Technology Co. Ltd. have been found to have their blood-cadmium or urine-cadmium content exceeding the safety level as defined by the Government Regulation GBZ17-2002. This result was totally unexpected as both factories have recently been certified ISO14000 compliant. In the meantime, the Group has ordered all its factories to audit their facilities to ensure their standards and practices in safety, health environment and emissions are in strict compliance with international requirements. Education of workers on occupational health and personal hygiene habits will also be strengthened. The management is working very closely with the Huizhou City Government and their medical authorities to provide care for those workers who are affected.

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

The results are in line with the statement made in the Company's full year results announcement.

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.

Sales of batteries are expected to remain steady. However, cost of the main raw materials used in the battery manufacturing, such as Nickel, Zinc and Cobalt, could remain high. Higher interest rate predicted for later in the year will also add to our finance costs. Unless the present high commodity prices are reversed in the near future, the industry may be under pressure to increase prices.

Production of Nickel Metal Hydride rechargeable batteries is expected to continue to further expand while that for Nickel Cadmium will likely be reduced. Lithium-Ion and Lithium Polymer batteries will become increasingly important when our factory in Shenzhen, China is ready towards the end 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*)

	Latest Full Year ()	Previous Full Year ()
Ordinary Preference Total:	0	0

BY ORDER OF THE BOARD

Andrew Ng Sung On
Chairman and Chief Executive
11/08/2004