

Announcement of First Quarter Financial Statement

The Board of Directors of GP Batteries International Limited is pleased to announce the unaudited financial statement of the Group for the first quarter ended 30 June 2004 as set out below:

		The Group		
		Q1 ended 30/6/2004 S\$'000	Q1 ended 30/6/2003 S\$'000	Change % + / (-)
1.	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
2.	Earnings per ordinary share of S\$0.80 each			
	(a) Basic	11.81 cents	10.96 cents	
	(b) Fully diluted	11.50 cents	10.78 cents	

3. Review of Performance

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.

4. Prospects

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.

By Order of the Board
Andrew Ng Sung On
Chairman and Chief Executive
Singapore, 11 August 2004