Announcement of Unaudited Results

For The Third Quarter Ended 31 December 2004

The Board of Directors of GP Batteries International Limited is pleased to announce the unaudited results of the Group for the third quarter ("Q3") and the nine-month period ("YTD") ended 31 December 2004 as set out below:

		The Group				
	Q3 ended 31.12.04 S$'000	Q3 ended 31.12.03 S$'000	Change %	YTD 31.12.04 S$'000	YTD 31.12.03 S$'000	Change %
1. Revenue	**230,809**	224,551	2.8	**671,157**	628,114	6.9
Cost of sales	**(190,512)**	(165,076)	15.4	**(527,785)**	(466,410)	13.2
Gross profit	**40,297**	59,475	(32.2)	**143,372**	161,704	(11.3)
Other operating income	**3,019**	335	801.2	**4,456**	1,480	201.1
Distribution expenses	**(14,357)**	(15,370)	(6.6)	**(39,348)**	(39,810)	(1.2)
Administrative expenses	**(20,598)**	(26,589)	(22.5)	**(67,943)**	(73,169)	(7.1)
Other operating expenses	**(253)**	(742)	(65.9)	**(763)**	(2,894)	(73.6)
Profit from operations	**8,108**	17,109	(52.6)	**39,774**	47,311	(15.9)
Finance costs	**(3,490)**	(2,460)	41.9	**(8,389)**	(7,360)	14.0
Profit before exceptional items	**4,618**	14,649	(68.5)	**31,385**	39,951	(21.4)
Exceptional items	**(20,418)**	0	n/m	**(22,919)**	0	n/m
(Loss)/profit before share of results of associates	**(15,800)**	14,649	(207.9)	**8,466**	39,951	(78.8)
Share of results of associates	**72**	2,720	(97.4)	**3,256**	7,621	(57.3)
(Loss)/profit before income tax	**(15,728)**	17,369	(190.6)	**11,722**	47,572	(75.4)
Income tax expense	**(354)**	(2,612)	(86.4)	**(4,407)**	(6,972)	(36.8)
(Loss)/profit after income tax	**(16,082)**	14,757	(209.0)	**7,315**	40,600	(82.0)
Minority interests	**(2,268)**	(1,201)	88.8	**(5,706)**	(3,117)	83.1
(Loss)/profit attributable to shareholders	**(18,350)**	13,556	(235.4)	**1,609**	37,483	(95.7)

n/m – not meaningful

2. (Loss)/earnings per ordinary share of S$0.80 each				
(a) Basic	**(16.77) cents**	12.77 cents	**1.49 cents**	35.71 cents
(b) Fully diluted	**(16.77) cents** *	12.36 cents	**1.46 cents**	34.96 cents
Weighted average number of ordinary shares	**109,434,277**	106,150,453	**108,246,468**	104,952,083

* For Q3 ended 31.12.04, there was no dilutive effect from the outstanding share options.

3. Review of Performance

Turnover for the three months ended 31 December 2004 was S$230.8 million, an increase of 2.8% over the corresponding quarter of last year. The consolidated net loss after taxation and minority interests attributable to members of the Company for the third quarter was S$18.4 million, against a profit of S$13.6 million for the corresponding quarter last year.

For the nine months ended 31 December 2004, the Group's turnover was S$671.2 million, an increase of 6.9% over the same period last year. The consolidated net profit after taxation and minority interests attributable to members of the Company decreased by 95.7% to S$1.6 million.

Turnover rose mainly due to the continued increase in sales of Nickel Metal Hydride and Alkaline primary cylindrical batteries. However, the decrease in sales of Nickel Cadmium batteries has lowered the overall growth in turnover.

Export sales to North & South America and Europe continued to register substantial growth.

Gross profit margin decreased mainly due to raw material costs, especially Nickel and Cobalt, continued to remain at high levels compared to the previous corresponding period.

Other operating income for the three months ended 31 December 2004 were S$3.0 million, an increase of S$2.7 million over the corresponding quarter of last year. This was mainly due to dividend income from investments.

Distribution expenses for the three months ended 31 December 2004 were S$14.4 million, a decrease of 6.6% over the corresponding quarter last year. This was mainly due to less advertising and promotion expenses incurred during the period.

Administrative expenses for the three months ended 31 December 2004 were S$20.6 million, a decrease of 22.5% over the corresponding quarter last year. This was mainly due to lower payroll costs as a result of cost control.

Finance expenses for the three months ended 31 December 2004 were S$3.5 million, an increase of 41.9% over the corresponding quarter of last year. This was mainly due to the increase in interest rates and bank borrowings.

Exceptional items for the three months ended 31 December 2004 were S$20.4 million. These consist of losses provided for the Danionics project, as announced on 29 December 2004, which include provisions made for an advance of S$13.6 million as well as a S$4.3 million guarantee issued to Nordea Bank A/S; and an additional S$2.5 million in this quarter for the compensation, medical and hospital expenses of workers affected in our two plants in Huizhou, China.

As a result of the above expenses, in particular the provisions made in relation to the joint venture formed with Danionics A/S, profit before share of results of associates decreased by S$30.4 million for the quarter ended 31 December 2004 compared to the previous corresponding period.

The share of results of associates for the three months and nine months ended 31 December 2004 was S$0.07 million and S$3.3 million respectively, a decrease of 97.4% and 57.3% over the corresponding period of last year. This was mainly due to the inclusion of the pre-operating loss of the 50% owned associate, Danionics Asia Limited.

Sales of Li-ion batteries were lower than budget though marginal growth was recorded in this quarter, while sales of alkaline cylindrical batteries produced by Zhongyin Ningbo Battery Co Ltd continued to grow strongly.

The construction of the joint venture factory in Ningbo, China with Sanyo to produce primary Lithium batteries is on schedule.

4. Prospects

The operating environment for the remaining and next financial year will be difficult. Sales are expected to remain steady. However, margins will still be under pressure due to high raw material prices and keen competition. Additional expenses for the compensation, medical and hospital expenses for cadmium issue are expected to be reduced. The business outlook for Li-ion batteries remains difficult in the short-term but production of Nickel Metal Hydride batteries is expected to continue to increase. The Group will continue its efforts to gain market share so that when business conditions improve, it will be in a better position to reap the benefits.

Management of the Danionics joint venture is in the process of reassessing the prospect of the project.

The Group will continue to streamline its operations to further reduce cost. One of the measures that has been taken was to close our plant in Denmark and consolidate the manufacturing of Alkaline 9-Volt batteries in Malaysia during the first quarter of 2005/06.

The joint venture with Sanyo, to produce primary Lithium batteries, will commence operation in the middle of this year.

By Order of the Board
Andrew Ng Sung On
Chairman and Chief Executive
Singapore, 1 February 2005