

Announcement of Unaudited Results & Dividends

For The Second Quarter Ended 30 September 2004

Co.Reg No. 199002111N

The Board of Directors of GP Batteries International Limited is pleased to announce the unaudited results of the Group for the second quarter (“Q2”) and half year (“H1”) ended 30 September 2004 as set out below:

	The Group					
	Q2 ended	Q2 ended	Change	H1 ended	H1 ended	Change
	30.9.04	30.9.03		30.9.04	30.9.03	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
1. Revenue	220,770	214,005	3.2	440,348	403,563	9.1
Cost of sales	(172,631)	(157,957)	9.3	(339,774)	(301,334)	12.8
Gross profit	48,139	56,048	(14.1)	100,574	102,229	(1.6)
Other operating income	492	293	67.9	1,437	1,145	25.5
Distribution expenses	(13,247)	(14,909)	(11.1)	(24,991)	(24,440)	2.3
Administrative expenses	(22,919)	(25,412)	(9.8)	(47,345)	(46,580)	1.6
Other operating expenses	(395)	(652)	(39.4)	(510)	(2,152)	(76.3)
Profit from operations	12,070	15,368	(21.5)	29,165	30,202	(3.4)
Finance costs	(2,468)	(2,212)	11.6	(4,899)	(4,900)	(0.0)
Profit before share of results of associates	9,602	13,156	(27.0)	24,266	25,302	(4.1)
Share of results of associates	1,063	2,459	(56.8)	3,184	4,901	(35.0)
Profit before income tax	10,665	15,615	(31.7)	27,450	30,203	(9.1)
Income tax expense	(1,383)	(2,214)	(37.5)	(4,053)	(4,360)	(7.0)
Profit after income tax	9,282	13,401	(30.7)	23,397	25,843	(9.5)
Minority interests	(1,953)	(839)	132.8	(3,438)	(1,916)	79.4
Profit attributable to shareholders	7,329	12,562	(41.7)	19,959	23,927	(16.6)
2. Earnings per ordinary share of S\$0.80 each						
(a) Basic	6.77 cents	11.97 cents		18.54 cents	22.93 cents	
(b) Fully diluted	6.65 cents	11.64 cents		18.21 cents	22.50 cents	
Weighted average number of ordinary shares	108,332,895	104,955,513		107,649,319	104,349,620	

3. Review of Performance

Turnover for the three months ended 30 September 2004 was S\$220.8 million, an increase of 3.2% over the corresponding quarter of last year. The consolidated net profit after taxation

and minority interests attributable to members of the Company for the second quarter was S\$7.3 million, a decrease of 41.7%.

For the six months ended 30 September 2004, the Group's turnover was S\$440.3 million, an increase of 9.1% over the same period last year. The consolidated net profit after taxation and minority interests attributable to members of the Company was S\$20.0 million, representing a decrease of 16.6%.

Turnover increased mainly due to the continued increase in sales of Nickel Metal Hydride and Alkaline primary cylindrical batteries. This was however, negated by the drop in turnover of Nickel Cadmium batteries. Although total sales for Lithium Ion batteries rose, the market has become increasingly competitive since the beginning of the second quarter due to surplus supply.

Gross profit margin decreased mainly due to raw material costs, especially Nickel and Cobalt, continued to remain at high levels as compared to last year and exceptional expenses incurred in relation to the Cadmium issue in our two plants in Huizhou, China. The Company has paid S\$2.5 million during the quarter for the compensation, medical and hospital expenses for those workers affected.

Distribution expenses for the three months ended 30 September 2004 were S\$13.2 million, a decrease of 11.1% over the corresponding quarter of last year. This was mainly due to less advertising and promotion expenses incurred during the period.

Administrative expenses for the three months ended 30 September 2004 were S\$22.9 million, a decrease of 9.8% over the corresponding quarter of last year. This was mainly due to lower payroll costs as a result of cost control.

As a result of better cost control, profit before share of results of associates decreased by only S\$3.6 million despite the decrease in gross profit by S\$7.9 million for the quarter ended 30 September 2004 compared to the previous corresponding period.

The share of results of associates for the three months and six months ended 30 September 2004 was S\$1.1 million and S\$3.2 million respectively, a decrease of 56.8% and 35.0% 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.

The profit attributable to the minority shareholders for the three months and six months ended 30 September 2004 increased by S\$1.1 million and S\$1.5 million respectively, mainly as a result of the increase in profit of Zhongyin Ningbo Battery Co Ltd.

Relocation of the Danionics Lithium Polymer facility in Denmark to China has been delayed because of difficulties experienced by the civil contractors during the recent austerity measures implemented by the government in China to cool down the economy.

The JV factory in Ningbo, China with Sanyo to produce primary Lithium batteries is under construction and expected to be operational in 2005 as scheduled.

4. Interim Dividend

The Board is pleased to declare an interim tax-exempt dividend of 4.75% or 3.8 (2003: 7.125% or 5.7) Singapore cents per share for the financial year ending 31 March 2005. This interim dividend will be paid on 8 December 2004.

5. Closure of the Books

Notice is hereby given that the Register of Members and Transfer Books of the Company will be closed on 30 November 2004 for the preparation of dividend warrants.

Registrable Transfers received by the Company's Registrar, Lim Associates (Pte) Ltd of 10 Collyer Quay #19-08, Ocean Building, Singapore 049315 up to 5.00 pm on 29 November 2004 will be registered before entitlements to the dividend are determined.

6. Prospects

Sales are expected to remain steady but operating margin will be under pressure as raw material prices are expected to stay high and volatile. Competition in the Lithium Ion market is expected to be keener as prices continue to erode even as costs are going up as a result of the over supply situation. The Cadmium issue in our two Huizhou factories still needs time to be resolved and more expenses are expected to be incurred. However, it is difficult to quantify the total amount that will be involved. The Group expects the operating environment to remain difficult for the rest of the current fiscal year.

Production of Nickel Metal Hydride batteries will continue to increase while that for Nickel Cadmium is expected to be further reduced.

The Group will further streamline its operations to strengthen cost competitiveness and continue to promote its GP brand name and capitalise on its strong worldwide distribution network and to look for investment opportunities.

The Management remains positive about the medium and long-term prospects of the Group.

By Order of the Board
Andrew Ng Sung On
Chairman and Chief Executive
Singapore, 9 November 2004