

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):

August 7, 2003

ULTRALIFE BATTERIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

0-20852

(Commission File Number)

16-1387013

(I.R.S. Employer Identification No.)

2000 Technology Parkway, Newark, New York

(Address of principal executive offices)

14513

(Zip Code)

(315) 332-7100

(Registrant's telephone number, including area code)

Item 7. Financial Statements, Pro Forma Financials and Exhibits.

(a) Financial Statements of Business Acquired.

Not applicable.

(b) Pro Forma Financial Information.

Not applicable.

(c) Exhibits.

99.1 Press Release dated August 7, 2003

Item 12. Results of Operations and Financial Condition.

On August 7, 2003, Ultralife Batteries, Inc. (the "Company") issued a press release setting forth the Company's financial results for the second quarter of 2003. A copy of the Company's press release is attached hereto as Exhibit 99.1.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ULTRALIFE BATTERIES, INC.

Dated: August 7, 2003

By: /s/Robert W. Fishback

Robert W. Fishback
Vice President - Finance and
Chief Financial Officer

Index to Exhibits

(99) Additional Exhibits

99.1 Press Release dated August 7, 2003

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ULTRALIFE BATTERIES, INC. REPORTS SECOND QUARTER
 OPERATING INCOME OF \$1.9 MILLION ON REVENUE OF \$20.1 MILLION

- Gross Profit Increases 50% on 30% Revenue Growth Over Prior Quarter -

Newark, NY, August 7, 2003 - Ultralife Batteries, Inc. (NASDAQ: ULBI) today reported operating income of \$1.9 million on record revenues of \$20.1 million for its second quarter ended June 28, 2003. Net income was \$2.1 million, or \$0.16 per diluted share, including \$0.4 million of non-cash, non-operating income from foreign currency translation impacts pertaining to intercompany loans. In addition, the Company generated positive operating cash flow (defined as operating income plus depreciation and amortization) of \$2.7 million.

Revenues for the second quarter increased 134% to \$20.1 million from \$8.6 million for the same three-month period in the prior year. The \$11.5 million increase was driven by higher shipments of the Company's HiRate(R) batteries, notably the BA-5390 batteries, which are used by military organizations in a variety of communications and weapons systems.

Gross margin for the June 2003 quarter reached \$4.7 million, or 24% of revenues, compared with \$1.1 million, or 13% of revenues, in the same period a year ago reflecting revenue growth and manufacturing efficiency improvements. Operating expenses were \$2.8 million, consistent with last year's level, exclusive of a \$14.3 million impairment charge on certain fixed assets. As a result, the Company reported operating income of \$1.9 million for the three months ended June 28, 2003 compared to an operating loss of \$16.1 million in the prior year. Net income amounted to \$2.1 million, or \$0.16 per diluted share, compared with a net loss of \$16.5 million, or \$1.28 per share, for the same period a year ago.

Compared to the first quarter that ended March 29, 2003, the second quarter gross margin grew 50% on a 30% revenue gain, and operating income increased three-fold from \$0.6 million to \$1.9 million.

For the first six months of 2003, revenues reached \$35.5 million, a 104% increase over the \$17.4 million in the prior year. This growth was primarily fueled by strong demand for HiRate batteries, in particular the BA-5390, as well as higher 9-volt battery shipments. Operating income was \$2.5 million compared to an operating loss of \$18.2 million in 2002 that included a \$14.3 million asset impairment charge. Net income amounted to \$2.5 million in the year-to-date period in 2003, or \$0.19 per diluted share, compared with a net loss of \$19.3 million in the same six-month period last year, or a loss of \$1.52 per share.

"We set a goal at the beginning of this year to sustain profitability starting in the first quarter of 2003, and we are delivering," said Mr. Kavazanjian, president and chief executive officer of Ultralife Batteries. "This quarter's operating and gross margin expansion, and strong revenue growth, demonstrate the positive returns we get from additional revenue and the management team's ability to execute on its near-term growth plans. At the same time, we continue to work toward expanding in other key growth markets, including medical, automotive telematics and rechargeable."

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Third Quarter and Full Year Outlook

For the third quarter ending September 27, 2003, management expects operating income to exceed \$2.1 million and revenue to reach at least \$20.0 million. This compares to an operating loss of \$1.9 in the same quarter the year before.

In addition, management has revised its guidance for the full year 2003 and now estimates that operating income and revenue will be approximately \$7.0 million and \$75.0 million, respectively. This compares with an operating loss of \$7.5 million, excluding a \$14.3 million asset impairment charge, and revenue of \$33.0 million, respectively, in 2002. The guidance management previously provided called for basic earnings per share in the range of \$0.35 to \$0.45 and revenues of \$65.0 million, which assumed operating income in the range of approximately \$5.0 million to \$6.3 million.

About Ultralife Batteries, Inc.

Ultralife is a leading developer, manufacturer, and marketer of standard and customized lithium primary (non-rechargeable), lithium ion and lithium polymer rechargeable batteries. Ultralife's high-energy batteries use advanced lithium technology and are used in military, industrial and consumer portable electronic products. Through its range of standard products and ability to customize for a wide range of applications, Ultralife is able to provide the next generation of battery solutions. OEM, retail and government customers include Energizer, Kidde Safety, Philips Medical Systems, Radio Shack and the national defense agencies of the United States and United Kingdom, among others.

Ultralife's headquarters, principal manufacturing and research facilities are in Newark, New York, near Rochester. Ultralife (UK) Ltd., a second manufacturing and research facility, is located in Abingdon, U.K. Both facilities are ISO-9001/2000 certified.

This press release may contain forward-looking statements based on current expectations that involve a number of risks and uncertainties. The potential risks and uncertainties that could cause actual results to differ materially include: worsening global economic conditions, world events, increased competitive environment and pricing pressures, disruptions related to restructuring actions and delays. Further information on these factors and other factors that could affect Ultralife's financial results is included in Ultralife's Securities and Exchange Commission (SEC) filings, including the latest Annual Report on Form 10-K.

Detailed information on Ultralife is available at the Company's web site, www.ultralifebatteries.com.

Conference Call Information

Investors are invited to listen to a live webcast of the conference call at 10:00 a.m. ET on August 7 at www.ultralifebatteries.com/invest.asp. To listen to the live call, please go to the web site at least fifteen minutes early to download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay of the webcast will be available shortly after the call at the same location for 90 days. Investors may also listen to a telephone replay of the conference call by dialing 800-428-6051, Reservation #300352, starting at 12:00 p.m. ET August 7 until 12:00 p.m. ET August 15.

Ultralife and HiRate are registered trademarks of Ultralife Batteries, Inc.

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ULTRALIFE BATTERIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)
(unaudited)

	Three Month Period Ended June 28, 2003	June 30, 2002	Six Month Period Ended June 28, 2003	June 30, 2002
	-----	-----	-----	-----
Revenues:				
Battery sales	\$ 19,828	\$ 8,370	\$ 34,840	\$ 17,197
Technology contracts	282	208	698	243
	-----	-----	-----	-----
Total revenues	20,110	8,578	35,538	17,440
Cost of products sold:				
Battery costs	15,209	7,305	27,264	15,212
Technology contracts	170	188	384	221
	-----	-----	-----	-----
Total cost of products sold	15,379	7,493	27,648	15,433
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Gross margin	4,731	1,085	7,890	2,007
Operating expenses:				
Research and development	646	1,099	1,231	2,137
Selling, general, and administrative	2,187	1,755	4,149	3,736
Impairment of long-lived assets	--	14,318	--	14,318
	-----	-----	-----	-----
Total operating expenses	2,833	17,172	5,380	20,191
	-----	-----	-----	-----
Operating income (loss)	1,898	(16,087)	2,510	(18,184)
Other income (expense):				
Interest, net	(146)	(103)	(237)	(201)
Equity loss in UTI	--	(678)	--	(1,179)
Miscellaneous	397	362	187	265
	-----	-----	-----	-----
Income (loss) before income taxes	2,149	(16,506)	2,460	(19,299)
Income taxes	--	--	--	--
	-----	-----	-----	-----
Net income (loss)	\$ 2,149	\$(16,506)	\$ 2,460	\$(19,299)
	=====	=====	=====	=====
Earnings (loss) per share - basic	\$ 0.17	\$ (1.28)	\$ 0.19	\$ (1.52)
	=====	=====	=====	=====
Earnings (loss) per share - diluted	\$ 0.16	\$ (1.28)	\$ 0.19	\$ (1.52)
	=====	=====	=====	=====
Average shares outstanding - basic	12,927	12,920	12,895	12,662
	=====	=====	=====	=====
Average shares outstanding - diluted	13,651	12,920	13,266	12,662
	=====	=====	=====	=====

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ULTRALIFE BATTERIES, INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Per Share Amounts)
(unaudited)

ASSETS	June 28, 2003	December 31, 2002
	-----	-----
Current assets:		
Cash and investments	\$ 1,664	\$ 1,374
Trade accounts receivable, net	13,140	6,200
Inventories	6,729	5,813
Prepaid expenses and other current assets	1,110	968
	-----	-----
Total current assets	22,643	14,355
Property and equipment	17,260	15,336
Other assets	1,633	1,683
	-----	-----
Total Assets	\$ 41,536	\$ 31,374
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,065	\$ 4,283
Other current liabilities	6,476	2,861
	-----	-----
Total current liabilities	13,541	7,144
Long-term debt and capital lease obligations	1,703	1,987
Shareholders' equity:		
Common stock, par value \$0.10 per share	1,387	1,358
Capital in excess of par value	116,876	115,251
Accumulated other comprehensive loss	(1,081)	(1,016)
Accumulated deficit	(88,512)	(90,972)
	-----	-----
Less -- Treasury stock, at cost	28,670	24,621
	2,378	2,378
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Total shareholders' equity	26,292	22,243
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Total Liabilities and Shareholders' Equity	\$ 41,536	\$ 31,374
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