

MEDIA RELEASE

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GP Batteries Announces its Unaudited Fourth Quarter and Full Year Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited fourth quarter (Q4) and full year (YTD) results:

	Q4 Ended 31/03/11 S\$'000	Q4 Ended 31/03/10 S\$'000	Change %	YTD Ended 31/03/11 S\$'000	YTD Ended 31/03/10 S\$'000	Change %
Revenue	177,325	Restated 195,601	(9.3)	831,670	Restated 799,366	4.0
Profit/(Loss) attributable to equity holders of the company	584	7,888	(92.6)	19,198	37,099	(48.3)
Basic (Loss) Earnings Per Share (S Cents)	0.53	7.19	(92.6)	17.49	33.82	(48.3)
Dividend Per Share						
- Interim	2.0 Singapore Cents					
- Proposed Final	3.0 Singapore Cents					

Business Review of GP Batteries

Turnover for the three months and twelve months ended 31 March 2011 was S\$177.3 million and S\$831.7 million respectively, as compared to S\$195.6 million and S\$799.4 million for the corresponding periods of the previous year. Sales of rechargeable batteries and primary batteries recorded a decline of 5.8% and 5.1% respectively. Despite slower sales in the second half of the year, turnover this year increased by 4% as compared to the previous year. In fact, the Group's revenue, which was mostly denominated in US dollar, increased by 11.5% in US dollar terms for the financial year. As Singapore dollar strengthened against US dollar during the financial year, the Group's revenue recorded a lower growth rate in Singapore dollar terms.

The uncertain economic recovery led to a slowdown in demand for battery products. Sales to North and South America and Europe recorded a decline of 18.4% and 12.1% respectively while sales to China increased by 10.9%.

Profit before income tax for the three months and twelve months ended 31 March 2011 was S\$2.5 million and S\$31.1 million respectively, as compared to S\$12.3 million and S\$55.1 million for the corresponding periods of the previous year. Gross profit margins for the three months and twelve months ended 31 March 2011 were 20.6% and 21.2% respectively, as compared to 24.5% and 23.6% for the corresponding periods of the previous year. Margins were lower mainly due to increased labour costs in China, appreciation of Renminbi and higher material prices. In addition, an exchange loss of S\$0.5 million was recorded this year while there was an exchange gain of S\$8.4 million in the previous year.

Distribution expenses for the three months and twelve months ended 31 March 2011 were S\$10.4 million and S\$60.6 million respectively, a decrease of 41.6% and 12.1% over the corresponding periods in the previous year. The decrease was mainly due to reduction in promotional expenses and streamlining of sales channels.

Share of results of associates for the three months ended 31 March 2011 was a loss of S\$0.5 million as compared to a profit of S\$0.8 million for the corresponding period in the previous year. This was mainly due to an associate, Ningbo Fubang Battery Co Ltd, becoming a subsidiary in the quarter; thus, its results were no longer accounted for under share of results of associates. Share of results of associates for the twelve months ended 31 March 2011 was S\$6.1 million, a decrease of 50.4% over the S\$12.4 million for the corresponding period of the previous year mainly due to slowdown in demand for notebook computer battery packs.

The Group rebuilt the primary lithium battery factory that was partially destroyed by fire in 2005. The factory started to produce a new 9-volt lithium battery that formed the basis of a new product range as the world moved to higher energy lithium batteries.

The Group continues to maintain market shares of its core products and has continued with its efforts in key emerging markets such as Vietnam, India and the Middle East.

The Group participated in the humanitarian efforts in the wake of the Japan earthquake in March 2011. Emergency shipments of batteries were made as part of the relief efforts.

Vectrix continues to make progress in sales of electric motorcycles to fleet markets such as law enforcement agencies around the world. A new smaller electric scooter, VX2, was launched in Europe and its response was encouraging. Lithium batteries produced by the Group were introduced into the flagship VX1. Homologation of the new three-wheel VX3 was completed.

Prospects of GP Batteries

The business outlook remains uncertain. With the end of QE2 in the US, the Group expects the currency and commodity markets to stabilize in the coming months and afford a better environment for business. The disruption caused by the Japan earthquake continues to affect the electronics market, and its effect might carry on for this financial year. Renminbi is expected to continue its upward trend, and the Group is investing in automation to minimize the impact of escalating costs and wages in China. E-transportation will gradually become an important business segment of the Group.

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