GP Batteries International Limited
(Incorporated in the Republic of Singapore)
Co. Reg. No. 199002111N

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 31/03/12 S$'000	Q4 Ended 31/03/11 S$'000	Change %	YTD Ended 31/03/12 S$'000	YTD Ended 31/03/11 S$'000	Change %
Revenue	174,759	177,325	(1.4)	774,524	831,670	(6.9)
Profit attributable to equity holders of the Company	709	584	21.4	6,512	19,198	(66.1)
Basic Earnings Per Share *(S Cents)*	0.65	0.53	22.6	5.93	17.49	(66.1)
Dividend Per Share - Interim - Proposed Final	 1.0 *Singapore Cents* 1.5 *Singapore Cents*					

Business Review of GP Batteries

Turnover for the three months and twelve months ended 31 March 2012 was S$174.8 million and S$774.5 million respectively, a decrease of 1% and 7% respectively over the corresponding periods last year. As the Singapore dollar has strengthened against the US dollar, the aforesaid decreases in turnover were insignificant in US dollar terms.

Sales of rechargeable batteries decreased by about 17% and 20% for the three months and twelve months ended 31 March 2012 respectively over the corresponding periods last year. Sales of primary batteries, while comparable to those of last year for the twelve-month period, increased by 6% for the three months ended 31 March 2012.

Sales in the Americas and Europe for the three months ended 31 March 2012 decreased by 9% and 2% respectively while sales for the twelve months ended 31 March 2012 decreased by 19% and 4% respectively over the corresponding periods last year. Sales in Asia decreased by 3% and 5% for the three months and twelve months ended 31 March 2012 respectively.

Profit before income tax for the three months and twelve months ended 31 March 2012 was S$2.9 million and S$18.8 million respectively as compared to S$2.5 million and S$31.1 million over the corresponding periods last year. Gross profit margins for the three months and twelve months ended 31 March 2012 were 18.7% and 20.5% as compared to 20.5% and 21.2% over the corresponding periods last year. The decrease in gross profit margins was mainly due to a lag in price increase to cover high material costs, increase in wages in China and appreciation of the Renminbi.

Distribution expenses were S$12.9 million for the three months ended 31 March 2012 as compared to S$10.4 million over the same period last year. Overall, there was a reduction in distribution expenses for the twelve months ended 31 March 2012 by 8% from S$60.6 million last year to S$55.8 million this year.

Administrative expenses for the three months and twelve months ended 31 March 2012 were S$19.9 million and S$81.2 million respectively, representing a decrease of 8.1% and 4.6% as compared to S$21.6 million and S$85.1 million respectively over the same periods last year. The decrease was mainly due to continuous cost rationalization.

Although total finance costs for the twelve months ended 31 March 2012 were comparable to those of last year, the finance costs for the three months ended 31 March 2012 were S$2.4 million as compared to S$2.1 million over the same period last year mainly due to higher costs of borrowings in China and Hong Kong.

The Group recorded a gain of S$18.8 million under other operating income in the quarter ended 31 March 2012 as a result of the restructure of Vectrix International Limited. The gain arose from the derecognition of the Group's controlling interest in Vectrix International Limited as a subsidiary while at the same time recognising the Group's equity interest in a newly formed associated company "Vectrix Holdings Limited" at fair value.

The increase in other operating expenses was mainly due to impairment losses in the receivables from an associated company that manufactures Lithium Polymer batteries, and an impairment loss on investment in an associated company that manufactures battery packs for notebook and tablet computers.

Share of loss of associates for the three months and twelve months ended 31 March 2012 was S$1.4 million and S$1.7 million respectively. As Ningbo Fubang Battery Co Ltd became a subsidiary in January 2011, its results were no longer accounted for under share of results of associates. The associated company that manufactures battery packs for notebook and tablet computers continued to make a loss due to the continued slowdown in market demand and termination of a tablet computer project by a large computer maker.

The Company entered into a S$60 million syndicated term loan facility in March 2012 to refinance some of its borrowings.

GP branded alkaline batteries have been the No. 1 batteries in Hong Kong by volume for eight consecutive years. Sales to developed countries slackened while sales to emerging markets increased. The Group's electric scooter, Vectrix VX-1 Li/Li+ was named the "European e-Scooter of the Year" in the "e-Scooter +45km/h" category of Clean Week 2020 in Belgium for the second consecutive year.

Prospects of GP Batteries

The economic outlook remains uncertain with the deepening debt crisis in Europe and the lack of a clear sign of recovery in the US. While commodity prices seem less volatile and have come down recently, operating costs in China are likely to go up further. The Group is expanding its manufacturing facilities in Malaysia to take advantage of the strong outsourcing demand from other battery makers. The growing popularity of smart phones provides a good opportunity for the Group's portable PowerBank. The Group will focus to build the GP brand in key markets and to enhance its distribution worldwide.

With the restructure of Vectrix, the Group will position itself as a key player in both OBM and ODM of electric scooters. Electric vehicle batteries will become a more significant segment of the Group's business.

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