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 31/03/14 S$'000	**Q4 Ended 31/03/13 S$'000**	**Change %**	**YTD Ended 31/03/14 S$'000**	**YTD Ended 31/03/13 S$'000**	**Change %**
Revenue	165,476	160,768	2.9	695,407	721,071	(3.6)
(Loss) Profit attributable to equity holders of the Company	(26,016)	(19,181)	35.6	(51,957)	(16,182)	221.1
Basic Earnings (Loss) Per Share *(S Cents)*	(19.83)	(16.32)[1]	-	(42.97)	(13.76)[1]	-
Dividend Per Share - Interim - Proposed Final	 Nil 1.0 *Singapore Cents*					

(1) Restated for the effects of the rights issue completed in March 2014

<u>Business Review of GP Batteries</u>

The core battery business of the Group has been reasonably stable during the past year despite a slight decrease in sales. With the termination of the Vectrix project, the Group will focus on batteries and not invest further resources into electric vehicles. At the same time, the Company decided to combine the two rechargeable Lithium battery plants, Taiwan and Shenzhen, into one major plant. The Shenzhen plant will be developed to become our centre of excellence for rechargeable Lithium batteries. These two actions are part of our total strategy to return to growth and profitability.

Turnover for the three months ended 31 March 2014 was S$165.5 million, an increase of 2.9% over the corresponding period last year. Turnover for the twelve months ended 31 March 2014 was S$695.4 million, a decrease of 3.6% over the corresponding period last year.

Sales of rechargeable batteries decreased by 10.6% and 11.5% for the three months and twelve months ended 31 March 2014 respectively over the corresponding periods last year. Sales of primary batteries increased by 8.4% and 1.6% for the three months and twelve months ended 31 March 2014 respectively over the corresponding periods last year.

Sales in Europe decreased by 1.5% while sales in the Americas and Asia increased by 14.8% and 2.0% respectively for the three months ended 31 March 2014 over the corresponding period last year. For the twelve months ended 31 March 2014, sales in Europe and Asia decreased by about 7.8% and 6.4% respectively while sales in the Americas increased by 10.6%.

Before the impairment provisions against Vectrix and the rechargeable Lithium plant in Taiwan, the Group would have made a profit before tax of about S$20 million in the financial year under review.

As a result of the above-mentioned impairment provisions, loss before income tax for the three months ended 31 March 2014 was S$25.5 million as compared to S$15.4 million over the corresponding period last year; loss for the twelve months ended 31 March 2014 was S$37.3 million as compared to a profit of S$4.1 million over the corresponding period last year. However, gross profit margins for the three months and twelve months ended 31 March 2014 were 22.4% and 22.5% respectively as compared to 20.3% and 20.9% over the corresponding periods last year due to improving factory productivity.

Distribution expenses for the three months ended 31 March 2014 were S$13.5 million, an increase of 12.1% as compared to S$12.1 million over the corresponding period last year arising from additional Advertising and Promotion expenses invested in mainland China for brand building. For the twelve months period ended 31 March 2014, the distribution expenses increased by only 2.2% to S$51.0 million as compared to the S$49.9 million last year.

Administrative expenses for the three months and twelve months ended 31 March 2014 were S$18.7 million and S$78.7 million respectively, a decrease of 10.7% and 5.9% over the corresponding periods last year due to the Group's continuous effort to streamline and rationalize its operations.

Finance costs for the three months and twelve months ended 31 March 2014 were S$1.8 million and S$7.4 million as compared to S$1.9 million and S$8.8 million over the corresponding periods last year. This was mainly due to reduced bank borrowings as well as lower costs of borrowing.

Net other operating expenses for the three months and twelve months ended 31 March 2014 were S$27.6 million and S$51.8 million respectively, as compared to a net other operating expenses of S$10.2 million and a net other operating income of S$5.2 million over the corresponding periods last year. This was mainly attributable to :-

(a) a provision for impairment loss in Q4 this financial year of about S$17.6 million on fixed assets and goodwill in respect of Gold Peak Industries (Taiwan) Limited due to the Group's effort to reduce capacity by consolidating the rechargeable Lithium battery plants;

(b) a provision for compensation in Q4 this financial year of Euro 2.9 million (S$5 million) to an affected customer regarding an unfinished project caused by the winding down of the operations of the Vectrix Group; and

(c) a further provision for impairment loss earlier this financial year of S$26.3 million (2013: S$10 million) on our investment in and receivables from the Vectrix Group.

Share of loss of associates for the three months and twelve months ended 31 March 2014 was S$1 million and S$4.7 million respectively, as compared to S$3 million and S$9.6 million over the corresponding period last year. The reduction in loss was mainly due to (i) cessation of operations by the Vectrix Group, and (ii) impairment provisions made in the third quarter last year on the plants and machinery, and inventories of STL Group.

Focusing on key strategic market segments started to take effect. Sales momentum has been carried forward from last quarter and is expected to continue in the coming year.

With the completion of the rights issue in March 2014, the Company's financial position has been strengthened and capital base enhanced. Proceeds of the rights issue will also facilitate the Company's investment in automation, brand building and distribution network in the near and medium terms. In addition, the operating cash surplus of the Group during the year was S$54.5 million versus S$26.6 million in the previous year. As at 31 March 2014, the Group's gearing ratio stood at a record low of 23% while the Group's net bank borrowings significantly reduced to S$57.9 million from S$125.8 million as at 31 March 2013.

Prospects of GP Batteries

The overall battery market is expected to be stable, although the NiMH battery sector is not growing and thus becoming highly competitive. With the discontinuation of the Vectrix project and the consolidation of the rechargeable Lithium plants, the Group is better placed to return to growth and profitability.

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