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

MEDIA RELEASE

For Immediate Release

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GP Batteries Announces its Unaudited Third Quarter and Nine-Month Results

Highlights of mainboard-listed GP Batteries International Limited's unaudited third quarter (Q3) and nine-month (YTD) results ended 31 December 2013:

	Q3 Ended 31/12/13 S$'000	Q3 Ended 31/12/12 S$'000	Change %	YTD Ended 31/12/13 S$'000	YTD Ended 31/12/12 S$'000	Change %
Revenue	175,967	175,308	0.4	529,931	560,303	(5.4)
(Loss) Profit attributable to equity holders of the company	(26,198)	578	n/m	(25,941)	2,999	n/m
Basic Earnings Per Share (S Cents)	(23.84)	0.53	n/m	(23.61)	2.73	n/m

n/m denotes "not meaningful"

Business Review of GP Batteries

Turnover for the three months ended 31 December 2013 was comparable to the same period last year at S$176.0 million; while turnover for the nine months ended 31 December 2013 was S$529.9 million, a decrease of 5.4% over the corresponding period last year.

Sales of rechargeable batteries decreased by 9.1% and 11.7% for the three months and nine months ended 31 December 2013 respectively over the corresponding period last year. While sales of primary batteries for the nine months ended 31 December 2013 were comparable to the same period last year, sales for the three months ended 31 December 2013 increased by 6.1% over the corresponding period last year.

Sales in Europe and Asia decreased by 9.8% and 2.7% respectively while sales in the Americas increased by 20.3% for the three months ended 31 December 2013 over the corresponding period last year. For the nine months ended 31 December 2013, sales in Europe and Asia decreased by about 9.8% and 8.7% respectively while sales in the Americas increased by 9.4%.

Loss before income tax for the three months and nine months ended 31 December 2013 was S$21.3 million and S$11.8 million respectively as compared to profit before income tax of S$8.4 million and S$19.5 million over the corresponding period last year. The loss this year was mainly due to a non-cash charge of S$26.3 million on Vectrix. Gross profit margins for the three months and nine months ended 31 December 2013 were 22.1% and 22.5% as compared to 20.1% and 21.0% over the corresponding period last year due to reduced factory overheads and lower material costs as a result of lower commodity prices.

Distribution expenses for the three months ended 31 December 2013 were S$14.3 million, an increase of 16.1% as compared to S$12.3 million over the corresponding period last year mainly due to A&P expenses incurred in mainland China for brand building, although for the nine months ended 31 December 2013, the amount was comparable to last year at S$37.5 million.

Administrative expenses for the three months and nine months ended 31 December 2013 were S$18.8 million and S$60.0 million respectively, a decrease of 9.9% and 4.2% over the corresponding period last year due to the Group's continuous effort to streamline and rationalize its operations.

Finance costs for the three months and nine months ended 31 December 2013 were S$1.8 million and S$5.6 million as compared to S$2.1 million and S$6.8 million over the corresponding period last year. This was mainly due to reduced bank borrowings as well as lower costs of borrowing. Net bank borrowings decreased by 40% to S$75.9 million as at 31 December 2013 from S$125.8 million as at 31 March 2013 as a result of the Group's positive cash flow. For the nine months ended 31 December 2013, the Group generated positive cash flow of about S$50 million before net cash from financing activities.

Net other operating expenses for the three months and nine months ended 31 December 2013 were S$25.2 million and S$24.3 million, as compared to a net other operating income of S$11.6 million and S$15.4 million over the same period last year mainly due to (i) there was a compensation income last year of US$8 million (S$10.1 million) from Boston Power in consideration for termination of the Minimum Purchase Requirement under the Manufacturing Agreement with the Group's subsidiary in Taiwan; and (ii) an impairment loss of S$26.3 million was provided this year for our investment in and receivables from Vectrix Group.

The Vectrix Group failed to raise additional capital. The other shareholders of Vectrix decided not to fund the projects further because of significant cost overrun and their commercial viability. The Group did not have the required resources to continue the projects alone. Accordingly, Vectrix's management team was in the process of discussing with concerned parties to wind down its operations. As a result, the Group fully provided for its investment in and receivables from Vectrix Group of companies.

Share of result of associates for the three months ended 31 December 2013 has improved from a loss of S$3.2 million last year to a small profit this year; although for the nine months period ended 31 December 2013, it was still a loss of S$3.7 million as compared to S$6.6 million last year. The reduction in loss was mainly due to impairment provisions on the plants and machinery and inventories of STL Group that took place last year.

We were able to reap the benefits from SAP implementation with significant improvement in an overall On Time Delivery performance to our customers. The factory rationalization programs set out in the previous quarters are showing promising results with significant productivity improvement in selected factories.

Prospects of GP Batteries

Whilst there are signs of an economic upturn, the recovery remains fragile. The Group will continue reshuffling its sales resources to focus on key strategic market segments and customers, and we are complemented by other channel partners to improve our market coverage. As we see relatively stronger backlog on the book, we are cautiously optimistic on the sales in the coming quarter.

The Group will continue to rationalize its Lithium factories, which have been loss making, to improve cost efficiency. Since we have embarked on the next stage of automation involving alignment of processes, we expect to bring even more benefits to the Group's cost competitiveness.

With the on-going proposed Rights Issue and the disposal of its property at 97 Pioneer Road, Singapore as announced on 23 December 2013 and 20 January 2014 respectively, net bank borrowings are expected to decrease further. The disposal of property is expected to complete in the first half of the next financial year and will bring in a gain of approximately S$9 million.

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