

## Press Release

For Immediate Release

30 May 2010, Hong Kong



### Singapore-listed GP Industries reports S\$33.9M profit

Gold Peak Industries (Holdings) Limited's (stock code: 40) 79.4% subsidiary, the Singapore-listed GP Industries Limited, announced its unaudited consolidated results for the year ended 31 March 2010.

#### Results highlight of GP Industries

	For the year ended 31 March		change
	2010	2009	
Turnover	S\$267.9M	S\$242.4M	+ 10.5%
Profit/Loss attributable to equity holders of GP Industries	Profit S\$33.9M	Loss S\$6.1M	—

#### Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman Victor Lo said, "Demand for our products should continue to improve as the global economy continues to strengthen. Robust economic growth in China and the rest of Asia is expected to boost the demand for our automotive wire harness and acoustics products. However, the uncertainties which originated from the Euro-zone debt crisis may affect consumer sentiment and volatility in currencies, liquidity and material costs may negatively affect some of our businesses." Lo is also Chairman and Chief Executive of Gold Peak.

"We will continue to invest into development of new products and marketing of our brands. Cost-control and streamlining measures instituted last year will further contribute to the competitiveness of our products. GP Batteries will continue to explore business opportunities in the electric transportation business," added Lo.

GP Industries Group has made significant progress in strengthening its balance sheet and has reduced its gearing level (net bank borrowing to equity) from approximately 49% as at 30 September 2008 to approximately 25% as at 31 March 2010.

## **Review of results of GP Industries**

Revenue of GP Industries Group for the year increased by 11% to S\$268 million, mainly attributable to recovery of the electronics business and the S\$38 million revenue contributed by Shanghai Jinting Automobile Harness Limited, a jointly managed automotive wire harness manufacturer serving mainly the Chinese automotive industry. GP Industries Group raised its effective shareholding in Jinting to 50% in November 2009 and the financial result of Jinting is now accounted for by the proportionate consolidation method from November 2009 onwards.

Gross profit margin continued to improve. Profit from operations for the financial year increased from S\$8.2 million to S\$12.3 million. The improvement was primarily driven by recovery of the electronics business, additional contribution from Jinting to the automotive wire harness business and GP Industries Group's effective cost-control measures. The performance of GP Batteries International Limited also recovered strongly and contributed a significantly higher profit after taxation of S\$18.0 million when compared with S\$0.9 million last year. GP Industries reported a net exceptional loss of S\$4.2 million this year, against a net exceptional loss of S\$15.0 million last year.

In the financial year under review, the performance of some of GP Industries Group's businesses have returned to or exceeded pre-economic crisis level. Profit attributable to equity holders was S\$33.9 million, compared with a loss of S\$6.1 million last year.

## **Business review of GP Industries**

### ***Electronics and acoustics***

Sales from the electronics business for the financial year increased by 16% over last year, mainly due to a 35% increase in sales of professional audio equipment as a result of strong market reception for new products launched. Sales from subsidiaries in the components business were lower this year. Associated companies of the components business recovered strongly and the aggregate contribution from associates increased by more than 40%. Sales from the acoustics business also decreased by 15%. Sales to America and Europe reduced by 23% and 18% respectively. The sales drop was also aggravated by the depreciation of the Euro against Singapore dollar. Sales to China and other Asian markets grew by 18% and 12% respectively. Cost-control measures mitigated the adverse effects of lower revenue. Total profit contribution from the electronics and acoustics business increased by 60%.

### **Automotive wire harness**

In November 2009, GP Industries Group completed the acquisition of the 50% equity interest in Jinting, which contributed approximately S\$38 million to the revenue of GP Industries' Group for the period from November 2009 to March 2010. Profit contribution from the automotive wire harness business also increased substantially as a result of the additional contribution from Jinting. In addition, GP Industries Group reported an exceptional gain of S\$10.1 million upon its acquisition of interest in Jinting from negative goodwill on acquisition.

### **Other businesses**

Profit contribution from the cable associate Linkz Industries Limited increased despite lower sales in the financial year. Sales of the 20%-owned Meiloon Industrial Co Ltd dropped by 25% and contributed lower profit. However, Meiloon's results were improving and returned to profit in the financial quarter ended 31 December 2009. During the financial year, GP Industries Group exited from the light fittings business. Linkz had entered into an agreement prior to 31 March 2010 to issue new Linkz shares as consideration for its acquisition which would dilute GP Industries' interest in Linkz from 47% to 37%. An exceptional loss on dilution of interest in Linkz amounted to approximately S\$2.1 million was reported during the financial year. A net exceptional charge of S\$13.1 million, which comprised mainly impairment allowance on investments, was also reported from this business segment.

### **GP Batteries** (49.8%-owned by GP Industries as at 31 March 2010)

GP Batteries' turnover for the financial year was S\$799 million, a decrease of 8% comparing to last financial year due mainly to decrease in sales to Europe particularly in the first half of the financial year. Gross profit margin was approximately 23%, compared to 21% for last year (excluding the effect of commodity hedging contracts) mainly due to sales mix with better margin as well as effective cost-control measures. Profit after tax attributable to equity holders of GP Batteries was S\$37.1 million, compared to S\$0.2 million last year. During the financial year, GP Industries acquired additional GP Batteries shares from the open market and increased its interest therein from 49.15% to 49.79%, which resulted in an exceptional gain of S\$0.9 million from the negative goodwill pursuant to the share purchase.

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