Press Release

For Immediate Release

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Singapore-listed GP Batteries announces 2016/2017 final results

GP Batteries International Limited, listed in Singapore and a subsidiary of Gold Peak Industries (Holdings) Limited *(stock code: 40),* today announced its unaudited consolidated results for the year ended 31 March 2017.

GP Batteries is 64.9% owned by GP Industries Limited, which is also listed in Singapore and an 85.5% subsidiary of Gold Peak.

Summary of results of GP Batteries

	(For the year ended 31 March) 2017	2016	% of change
Turnover	S$759.8 million	S$765.3 million	- 0.7%
Profit attributable to equity holders of GP Batteries	S$3.49 million	S$2.40 million	+ 45.5%

Summary of Business Review of GP Batteries

Turnover for the three months ended 31 March 2017 was S$191.7 million, an increase of 13.0% over the corresponding period last year. Turnover for the twelve months ended 31 March 2017 was S$759.8 million which was comparable to the S$765.3 million last year.

Sales of primary batteries increased by 15.5% and 1.3% for the three months and twelve months ended 31 March 2017 respectively over the corresponding periods last year. While sales of rechargeable batteries increased by 2.7% for the three months ended 31 March 2017, sales for the twelve months ended 31 March 2017 decreased by 10.4% over the corresponding periods last year. The drop in the revenue of rechargeable batteries was mainly due to the discontinuation of a contract with a major customer of GP Batteries' Taiwan plant, which has ceased production.

Sales in Europe, Asia and the Americas increased by 30.2%, 10.7% and 4.0% respectively for the three months ended 31 March 2017 over last year. For the twelve months ended 31 March 2017, sales in the Americas and Asia decreased by 24.3% and 2.4% respectively while sales in Europe increased by 32.2% as compared to last year. The decrease in sales in the Americas and increase in sales in Europe was largely due to the relocation of the procurement office of a major customer from the USA to Europe.

Profit before income tax for the three months ended 31 March 2017 was S$1.3 million as compared to a loss before income tax of S$4.2 million last year. Profit before income tax for the twelve months ended 31 March 2017 was S$29.2 million as compared to S$28.6 million last year. Gross profit margin for the twelve months ended 31 March 2017 was 22.4% as compared to 23.2% last year, mainly due to loss of income of the Taiwan plant.

Distribution expenses for the three months ended 31 March 2017 were S$16.6 million as compared to S$9.1 million over the corresponding period last year mainly due to (a) a reversal of S$3.8 million of doubtful debts provisions last year; (b) increase in advertising and promotion expenses of S$2 million; and (c) increase in freight cost and customs duty of S$1.1 million as a result of the change in incoterms of shipment to a major customer to DDP from FCA previously. Because of the aforesaid reasons, distribution expenses for the twelve months ended 31 March 2017 increased to S$66.9 million from S$61.6 million last year.

Administrative expenses for the three months ended 31 March 2017 were S$23.4 million as compared to S$21.6 million over the corresponding period last year mainly due to increase in staff cost. Administrative expenses for the twelve months ended 31 March 2017 were S$88.9 million which was comparable to the S$88.4 million last year.

Although closure costs of S$2.5 million were incurred in the closing of the primary button batteries factory in Shanghai, net other operating expenses for the three months ended 31 March 2017 was S$2.3 million which was still lower than the S$13.3 million last year mainly due to (a) a gain of S$7.5 million on disposal of property, plant and equipment at Huizhou, Shenzhen and Shanghai was recorded in this quarter; (b) lower foreign exchange loss of S$5.2 million was recorded in this quarter as compared to S$6.4 million in the same quarter last year; (c) lower impairment loss of property, plant and equipment of S$2.1 million was recorded in this quarter as compared to S$4.5 million in the same quarter last year; and (d) an impairment loss of goodwill of S$2.9 million last year. Net other operating income for the twelve months ended 31 March 2017 was S$14.6 million as compared to S$3.0 million last year mainly due to (a) a higher gain of S$10.6 million from disposal of property, plant and equipment was recorded this year as compared to S$4 million last year; (b) a higher net foreign exchange gain of S$7.4 million was recorded this year as compared to S$3.5 million last year; (c) a payment of US$1.45 million made in the third quarter this year pursuant to a customer's quality dispute on Lithium rechargeable batteries that was delivered back in 2014 and 2015; and (d) as aforementioned, there was lower impairment losses of goodwill and property, plant and equipment this year although there were closure costs incurred for the Shanghai factory.

Share of profits of associates for the twelve months ended 31 March 2017 was S$6.8 million as compared to S$4.9 million last year, mainly due to the improved performance of AZ Limited, GP Batteries' 40%-owned associate in Russia; and TG Battery, GP Batteries' 50%-owned joint venture with Toshiba that manufactures cylindrical carbon zinc batteries.

Prospects of GP Batteries

Commenting on the business prospects, Victor Lo, Chairman and Chief Executive Officer of GP Batteries, said, "Global demands for primary batteries and Nickel Metal Hydride rechargeable batteries are expected to be slow growing. Price competition is expected to be keen. The increase in commodity price will also have an impact on GP Batteries' manufacturing costs. GP Batteries will continue to invest further in the automation of production equipment to improve productivity and quality and to consolidate the smaller factories into larger ones to benefit from economy of scale and to raise its competitiveness. In addition, GP Batteries will focus on brand building and distribution development in key markets."

"Additional production capacity from the new facilities in Malaysia and Vietnam is expected to start bringing in additional revenue to GP Batteries." Lo is also Chairman of GP Industries and Chairman and Chief Executive of Gold Peak.

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