The Group achieved impressive results which was mainly due to the good performance of the electronic and component businesses, improved performance of the acoustics business, as well as the outstanding contribution from GP Batteries.

Summary of Results
The Group achieved impressive results for the financial year ended 31 March 2003 in a period of mixed business sentiments. The global economy becomes more stable as the impact of 11 September 2001 events faded. However, the conflict in the Middle East brought about uncertainties towards the end of the financial year under review. Nevertheless, the Group's profit surged strongly amid such uncertainties and reported strong results on a full year basis.

Turnover of the Group for the year grew by 7.8% to S$321.7 million, compared to the previous year. In spite of exceptional charges of S$5.6 million, operating profit after taxation and minority interests attributable to shareholders increased by 84.2% to S$32.0 million as compared to S$17.3 million last year. This was mainly due to the good performance of the electronic and component businesses, improved performance of the acoustics business, as well as the outstanding contribution from GP Batteries.

During the year under review, gross profit margin rose to 19.5% due mainly to improved product mix and streamlined manufacturing structure of the electronics business. The Group's continual investments in its direct distribution network in key markets also resulted in an increase of distribution costs by 41.6% to S$23.3 million. Interest expenses decreased by 29.4% to S$7.9 million as compared to last year mainly due to interest rate cuts.

Exceptional items of S$5.6 million comprised cost for restructuring the electronics and acoustics business of S$2.7 million, provision for impairment in investment of S$1.3 million and provision for unrealised loss on revaluation of marketable securities of S$1.6 million.

Basic earnings per share, based on consolidated net profit after taxation and minority interests attributable to shareholders and the weighted average number of 447,127,185 shares (2002: 446,737,936 shares) in issue during the financial year under review, amounted to 7.15 Singapore cents, compared with 3.88 Singapore cents last year.
Wire harness & cables

GP Industries is a leading supplier of automobile wire harness and cable products in the region.

Electronics Business

The electronics and components business performed impressively. Overall revenue increased by about 3% in US dollar term but decreased marginally by 1% in Singapore dollar term as the Singapore dollar strengthened during the year. Profit before interest, taxation and exceptional items, however, increased by about 33%. Such a good performance was mainly due to improved product mix by introduction of more new products and a streamlined manufacturing structure following the merger of two factories in China. The component associated also contributed strongly to the Group as a result of strong demand for aluminum-extrusion parts and high-precision components used in CD, CD-R/RW and DVD mechanisms.

During the year, the professional audio business developed well with increased demand from renowned US and European-based customers.

Export sales of wire harness grew slightly, benefiting from a stronger Japanese Yen, the export profit margin remained steady despite price competition. In addition to the automobile market in Japan, the Group has also started to supply wire harness to the US market.
Sales of our associate, LTK Industries Limited, continued to grow substantially with the launch of new products such as copper, silver, and gold cables, and continued increases in the market share of Category 6A LAN cables and broadband cables. However, the profit dropped due to intense price competition. Increases in price of raw materials such as copper and PVC also reduced the margins of LTK's cable business. The completion of the new factory at Huzhou, China in mid 2002 increased LTK's production capacity to cater for future business growth.

In China, sales and contributions of our associates in wire harness and car audio grew impressively due to the robust growth of China's automobile industry.

Sales of branded loudspeakers registered a strong growth due to sales increase in the US and European markets and changes to the Sterling Pound. The audiostreaming business achieved a small profit compared to a loss of £3.2 million in the previous year due to cost reduction resulting from restructuring the plant in Brownhills, UK in mid 2002 and introduction of new products.

GP Industries manufactures and markets an extensive range of sophisticated audio and acoustics products for consumer and professional markets.
Clipsal Industries (a wholly-owned associate)

The region continued with slow economic growth and a soft building industry. The business conditions in most of Clipsal Group's key Asian markets remain highly competitive. As a result, the Clipsal Group achieved volume growth in many segments but the average selling price continued to drift. As turnover and profit for the financial year ended 31 December 2003 increased by 5.7% and 11.7% respectively.

Despite the tough environment, sales in overall turnover has been continued through aggressive marketing efforts, introduction of new products, expansion into new business segments and sales growth in emerging markets. Overall gross profit margin has improved in key markets through continuous programs to increase operating efficiencies.

Markets in China, Hong Kong and Singapore remained highly competitive. The aggressive marketing and promotional campaigns in China to promote consumer awareness of the "CLIPSAL" brand resulted in very positive response. In Malaysia, in spite of a soft market, the Clipsal Group reports a marginal increase in revenue due to its strong market position. In Vietnam, Clipsal's healthy sales and profit growth.

The associated company in Australia received increased sales, profitability and market share with higher growth in Intelligent Building Systems and Data Communication products. The Rabbi associate, Levono SpA, continued to contribute positively. In the Middle East, strong growth was achieved, with Saudi Arabia double that sales in particular.

As announced on 12 June 2003, Clipsal Industries is currently in discussions with a multinational company regarding among other things, a potential disposal of certain of its electrical wiring accessories businesses and a possible joint venture arrangement. The transactions being contemplated do not involve a sale by the Company of its interest in Clipsal Industries. These discussions are still ongoing and no binding terms of the potential transactions, whether cash or other, have been agreed upon. There is therefore no assurance that the potential transactions will actually proceed.

Summary

Although the year under review was full of challenges, the Group achieved strong results with comparable cost structures, enhanced product development capability, emphasis on higher value-added products and an improved sales network.

The Group will continue to strengthen its distribution network, increase its market share, promote its brand approval and enhance its product development and manufacturing capabilities to ensure business growth in all major markets. The scheduled commissioning of two major new factories in Malaysia in late 2003 will further enhance the production capacity and efficiency of the electronic and electrical businesses. The Board will support future growth of these businesses.

On behalf of the Board, I would like to take this opportunity to express our thanks and appreciation to all stakeholders and customers for their continuing support and confidence. I also wish to thank all our employees for their hard work and dedication during the year.

LEUNG Pat Chuen
Executive Director
21 July 2003