Summary of Results

For the financial year under review, sales decreased by 3.8% to S$383.4 million in Singapore dollar terms while it increased by 2.3% in US dollar terms. Sales from the electronics and components business were steady while sales from the wire harness business decreased after divestment of the export wire harness business. However, the acoustics business reported a 22.0% sales growth. Profit attributable to equity holders increased from S$19.9 million to S$69.0 million due mainly to the exceptional gain from partial divestment of the wire harness business and Linkz Industries Limited’s (“Linkz”, formerly known as LTK Industries Limited) disposal of its electronic cable business unit.

The Group faced a very challenging business environment during the financial year. High component prices, inflationary pressure in China and the appreciation of the Renminbi all added to the costs and adversely affected the gross margins. However, the Group was able to pass on some of the cost increase for certain products to its customers.
During the financial year, the Group also restructured some of its businesses. The Group completed its privatisation of CIH Limited (“CIHL”) and divested part of its investment in the wire harness business. Linkz, the Group’s cable associate also divested its electronic cable business unit. These changes contributed a pre-tax exceptional gain of approximately S$52.7 million in total.

Based on the weighted average of 518,525,856 shares in issue (2006: 459,068,484 shares), basic earnings per share for the financial year increased from 4.33 Singapore cents to 13.30 Singapore cents.
Sales from the electronics and components business reported a sales decrease of 4.9% in Singapore dollar terms or a 1.1% increase in US dollar terms this financial year when compared with last year. Sales of professional electronics products increased by about 8% in US dollar terms while sales of other consumer electronic products decreased. High component prices and appreciation of the Renminbi led to reduced operating margin. Contribution from the Group’s components associated companies also decreased by 25.2%. Operating profit before interest and taxation ("PBIT") and excluding exceptional items from the electronics and components business decreased by 35.7%.

In the wire harness business, the Group sold a subsidiary in the wire harness export business to Furukawa GP Auto Parts (HK) Limited ("FGP") and reduced its interest in FGP from 50.0% to 20.0%. As a result, the Group ceased to register sales of wire harness to Japan and sales from the wire harness business decreased this financial year. In China, FGP’s joint ventures continued to perform well. However, due to the Group's reduced interest in the wire harness business, PBIT excluding exceptional items from the wire harness business decreased by 22.7%.
Linkz continued its outstanding performance. Revenue grew by more than 50% and profit contribution grew by more than 60% this financial year. Being a leader in developing environmentally-friendly products, Linkz gained market share when the RoHS (Restriction of Hazardous Substances) regulations became effective in the European Union countries in 2006. In addition, record high copper price led to some consolidation in the cable industry and this enabled Linkz to pass on the increases in raw material cost to its customers. In March 2007, Linkz completed the disposal of its electronic cable business unit and will focus on expanding its local area network cable and interconnect product business units.

“GP Industries caters to both the consumer and professional markets with its wide range of sophisticated audio products.”

The Group’s professional speakers are widely used in outdoor concerts and events where sound quality matters.
As a result, total PBIT excluding exceptional items from the cable and wire harness business improved by 28.0%. In addition, the cable and wire harness business also reported a net pre-tax exceptional gain of S$47.4 million, comprising the net gain from the above-mentioned transactions involving FGP and the Group's share of exceptional gain from the disposal of the electronic cable business unit of Linkz.

The acoustics business reported a 22.0% revenue growth this financial year. The strong growth was mainly due to introduction of new products and improved market presence. Loss before interest and taxation and excluding exceptional items for the financial year reduced from S$3.4 million reported last year to S$0.2 million this year. During the financial year, the Group increased its investment in Meiloon Industrial Co., Ltd., a manufacturer of acoustics and electronics products listed on the Taiwan stock exchange. In April 2007, the Group's interest in Meiloon exceeded 20% and the Group will account for Meiloon as an associate.
Sales from CIHL’s light fittings business improved during the financial year. Efficiency improvements and cost control measures contributed to the company’s performance in a market with keen competition while interest income also increased significantly. In this financial year, CIHL reported an exceptional loss of S$1.9 million relating to its investment in TCL Corporation, which is listed on the Shenzhen stock exchange, China. The exceptional loss was recognised pursuant to a share reform plan adopted by TCL in which CIHL’s shareholding changed from 47,758,056 non-freely tradable shares to 40,300,086 shares that can be freely traded at the Shenzhen stock exchange starting April 2007. During April to June 2007, CIHL has disposed of all of its investment in TCL and will report an exceptional gain in the financial year ending 31 March 2008. Including the exceptional gain arising from privatisation of CIHL of S$5.3 million, loss before interest and taxation including exceptional items from continuing operations for the financial year under review reduced by 26.6%.

“The Group's cable products are widely recognised in the industry for their superior quality.”
GP Batteries continues to focus on brand building in the region.

GP Batteries’ turnover for the financial year was S$819.7 million, a decrease of 7.5% compared to previous year. Profit attributable to equity holders of GP Batteries for the financial year was S$12.1 million, compared to S$13.6 million last year.

Turnover for most of the products remained steady except for Nickel Metal Hydride (“NiMH”) and Lithium Ion rechargeable batteries, which decreased by about 21% and 30% respectively, while turnover for primary cylindrical batteries increased by about 6%. The persistently record high Nickel prices had triggered a significant market consolidation. Many competitors had either scaled down production or exited from the industry entirely and this had made further price increases possible.
The surge in raw material prices especially Nickel and Zinc resulted in lower gross profit margin. However, such margin erosion was mitigated by GP Batteries' forward hedging policy.

GP Batteries' joint venture for the exclusive design, manufacture and supply of NiMH rechargeable batteries for use in electric powered motorcycles is progressing well. Nevertheless, in view of the high Nickel prices, GP Batteries is exploring an alternative chemistry system for such applications.

GP Batteries' super high-power Lithium batteries score in terms of energy density, high drain performance and cycle life.
Summary

The reduction of interest in the wire harness business and Linkz’s disposal of its electronic cable business unit will reduce the Group’s revenue and operating profit in the short term. However, the Group will focus its human and financial capital to strengthen and to further grow its core businesses.

The Group will continue to invest into new product design and development, particularly in the areas of electronics and acoustics. The Group will also invest into strengthening its sales and distribution capabilities to further improve the market presence of its brands. The privatisation of CIHL provided opportunities to further rationalise the Group’s operations and cost improvement activities to improve the Group’s competitiveness.

GP Batteries will continue its prudent forward hedging policy on Nickel and take advantage of the industry’s consolidation to capture more market share. GP Batteries also expects there will be further industry-wide price increases and which will slowly improve margins.

Brian Li Yiu Cheung
Managing Director

13 June 2007