Summary of Results
The Group’s sales for the financial year 2007-2008 decreased by 27% to S$278.8 million when compared to the previous year primarily due to the Group’s divestment of a wire harness subsidiary in the previous year. Nevertheless, gross profit margin improved due to increased contributions from the electronics business and the acoustics business. Contributions from associates decreased, due mainly to the S$40.3 million one-time exceptional gain reported by Linkz Industries Limited in the previous financial year and decrease in contribution from GP Batteries International Limited in the financial year. As a result, profit attributable to shareholders of the Company for the financial year decreased to S$25.6 million from S$69.0 million in the previous year.

Based on a weighted average number of 576,547,646 shares in issue (2007: 518,525,856 shares), basic earnings per share for the financial year decreased from 13.30 Singapore cents to 4.44 Singapore cents.
Electronics Division

The electronics and components business reported sales growth of 9% in Singapore dollar terms and 16% in US dollar terms in the financial year 2007-2008 as compared with the previous financial year.

The electronic subsidiaries enjoyed robust growth both in sales and profit during the first three quarters of the financial year, primarily driven by a strong reception to new professional audio products introduced. However, in the fourth quarter, customers started to react to the weakened economic expectations in the US and reduced their orders and inventory with the result that sales of electronics products softened. In spite of this change in the market environment, sales of professional electronics products grew by 17% for the financial year.

With the acquisition in July 2007 of Maxson Industries Limited, which is engaged in the plastic moulding business, the components subsidiaries reported a 50% sales growth for the financial year, albeit from a relatively low base. The associated companies in the components business also performed strongly in the financial year and contributed significantly higher profits to the Group.

Operating profit before interest and taxation (“PBIT”) and excluding exceptional items reported by the electronics and components business increased by 42% to S$17.4 million for the financial year.
Sales of branded acoustics products were steady in Singapore dollar terms and grew by 4% in US dollar terms during the financial year. Sales in Europe grew by 10% in Euro terms over the previous year primarily driven by good reception for new products introduced as well as improved brand recognition and distribution management. However, sales to the US weakened significantly mainly as consumer demand softened in the face of lower economic expectations. The branded acoustics business has increased its investments in marketing and distribution in emerging markets. As a result, sales to mainland China, Hong Kong and other Asian markets grew by more than 40% in US dollar terms during the financial year. The acoustics subsidiaries reported a PBIT excluding exceptional items for the financial year as compared with a loss in the previous financial year. Meloon Industrial Co., Ltd. became a 20%-owned associate during the financial year and started making significant contributions to the Group’s earnings.

PBIT excluding exceptional items reported by the acoustics business was S$6.3 million, against a loss of S$0.2 million in the previous year.

Contribution from the 47%-owned cable associate Linkz decreased by 42% due to the disposal of its electronic cable business unit in the previous year. The remaining LAN and interconnect products business units continued to report satisfactory sales growth. Contributions from the wire harness business, which mainly comprises the now 20%-owned associates, also decreased due to the lower effective interest in the business. As a result, PBIT excluding exceptional items

High-performance professional and consumer electronics products manufactured by the Group are in strong demand.

5 (clockwise) All-in-one music system, public address system, loudspeaker
6 Professional power amplifier
in the financial year reported by the cables and wire harness business declined by 46% to S$9.4 million.

There are certain outstanding warranty claims in connection with the disposal by CIH Limited of its electrical wiring devices and installation systems business in Australia in 2003. On 23 May 2008, the Group received A$49.5 million and reached an agreement with the buyer to retain the remaining balance for a further period until the warranty claim issue is resolved. However, the management will continue to work with the parties involved in order to resolve this outstanding claim as soon as possible.

**GP Batteries**

GP Batteries’ turnover rose mainly as a result of the increased sales of Nickel Metal Hydride (“NiMH”) rechargeable batteries and primary cylindrical batteries. However, there was a 17% decline in 9-volt Alkaline and Carbon Zinc batteries. Overall, turnover increased in North and South America, Europe, Japan and Hong Kong.

During the year, the Group had entered into commodity swap contracts to manage fluctuating raw material prices. Outstanding commodity contracts as at 31 March 2008 measured at fair values in accordance with FRS 39 resulted in an unrealised loss of S$36.0 million for GP Batteries for the year. As a result, GP Batteries reported a loss of S$4.6 million for the financial year as compared to a profit of S$12.1 million for the previous financial year.
Rechargeable batteries continued to be a main contributor to GP Batteries’ turnover. The “GP ReCyko+”, a new generation of ready-to-use NiMH rechargeable batteries, enjoyed a strong market reception. In China, the GP PowerBank charger was ranked No. 1 in charger sales in year 2007 by the Statistics Bureau of the PRC. In Hong Kong, AC Nielsen’s MarketTrack report has ranked the GP Ultra Alkaline battery No. 1 for the four consecutive years from 2004 to 2007 by sales volume. GP rechargeable batteries and GP battery chargers was ranked by the same report as first by sales volume and value for the same four consecutive years in their respective categories.

GP Batteries has started pilot production of Lithium Phosphate rechargeable batteries for application in electric vehicles and hybrid electric vehicles. It is also working with key customers to develop different Lithium battery systems for various high power applications.

GP Batteries has achieved significant results in the area of environmental, health and safety performance while achieving its business goals of producing high quality and environmentally friendly products. During the year, 12 factories were ISO14001 certified, ten were OHSAS18001 certified and five were HSPM QC080000 certified. Ten factories in China were named the “Green Medalist” by the Federation of Hong Kong Industries.
Outlook

The management will continue to focus on improving product innovation as well as marketing and distribution management to improve the competitiveness of the Group’s products. The results of this strategy have already contributed to significant improvements to some of the Group’s core businesses. The management will also take steps to further strengthen the Group’s balance sheet and implement vigorous cost control measures to counter the challenging business environment ahead. The strengthened balance sheet will better prepare the Group to benefit from business opportunities that may emerge in the rapidly developing Asian markets.

Brian Li Yiu Cheung
Managing Director

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