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Full Year Results * Financial Statement And Related Announcement

* Asterisks denote mandatory information

Name of Announcer *	EUROPTRONIC GROUP LTD
Company Registration No.	200009775K
Announcement submitted on behalf of	EUROPTRONIC GROUP LTD
Announcement is submitted with respect to *	EUROPTRONIC GROUP LTD
Announcement is submitted by *	Huang Shih An
Designation *	Chairman
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2009
Description	Please see attached.

Attachments

 [Europtronic-FY09-Results.pdf](#)
 Total size = **95K**
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Full Year Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Group Income Statement for full year ended 31 December 2009. These figures have not been audited.

	Group		
	Year	Year	%
	ended	ended	Increase/
	31/12/2009	31/12/2008	(Decrease)
(S\$'000)			
Total revenue	66,450	70,698	(6.01)
Cost of sales	(62,119)	(65,800)	(5.59)
Gross profit	4,331	4,898	(11.58)
Other operating income/(charges)	543	4,659	(88.35)
Selling and distribution expenses	(6,021)	(6,615)	(8.98)
Administrative expenses	(16,576)	(6,740)	NM
Share of results from an associate	120	(54)	NM
Finance costs	(2,058)	(2,461)	(16.38)
Profit/(loss) before taxation and minority interests	(19,661)	(6,313)	NM
Taxation	(417)	(405)	2.96
Profit/(loss) after taxation and before minority interests	(20,078)	(6,718)	NM
Attributable to:			
Shareholders of the company	(21,466)	(6,273)	NM
Minority interest	1,388	(445)	NM
	(20,078)	(6,718)	
Consolidated statement of comprehensive income:			
	Group		
	Year	Year	%
	ended	ended	Increase/
	31/12/2009	31/12/2008	(Decrease)
(S\$'000)			
Profit / (Loss) for the period	(20,078)	(6,718)	NM
Other comprehensive income:			
Fair value changes	7,190	(3,863)	NM
Revaluation reserve	13,814	-	NM
Translation adjustments	(2,271)	2,640	NM
Total comprehensive income for the period	(1,345)	(7,941)	
Attributable to:			
Equity holders of the Company	(2,733)	(7,496)	(63.54)
Minority interest	1,388	(445)	NM
Total comprehensive income for the period	(1,345)	(7,941)	
Profit/(loss) for the financial year ended 30 September is arrived at after (charging)/crediting the following:			
	Group		
	Year	Year	%
	ended	ended	Increase/
	31/12/2009	31/12/2008	(Decrease)
(S\$'000)			
Depreciation of property, plant and equipment	(2,772)	(2,837)	(2.29)
Foreign exchange gain/(loss), net	114	1,027	(88.90)
Interest expenses	(2,058)	(2,461)	(16.38)
Interest income	7	18	(61.11)
Allowance for inventories obsolescence	(1,297)	(1,242)	4.43
Loss on inventories due to fire incident	-	(1,481)	NM
Allowance for impairment of doubtful receivables (Trade)	(744)	(504)	47.62
Write back of allowance for impairment of doubtful receivables (Non-trade)	16	16	-
Negative goodwill on acquisition of investment in associated company	-	1,631	NM
Amortisation of intangible assets	(34)	(24)	41.67
NM: Not meaningful			

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statement of Financial Position (S\$'000)	Group		Company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Non-current assets:				
Property, plant and equipment	48,452	38,867	-	-
Investments in associated company	2,057	1,937	-	-
Investments in subsidiaries	-	-	44,582	45,224
Intangible assets	3,377	3,369	-	-
Deferred taxation	-	191	-	-
Financial assets, available-for-sale	4,529	5,041	-	-
Total non-current assets	58,415	49,405	44,582	45,224
Current assets:				
Cash and bank balances	7,322	3,698	290	237
Trade receivables	21,853	17,261	-	-
Financial assets, available-for-sale	1,030	1,031	1	1
Other receivables and prepayments	11,410	8,662	12,874	10,775
Biological assets	2	2	-	-
Inventories	18,458	17,581	-	-
Total current assets	60,075	48,235	13,165	11,013
Total assets	118,490	97,640	57,747	56,237
Current liabilities:				
Borrowings	37,039	45,762	148	1,641
Trade payables	18,891	10,532	-	-
Other payables	9,487	2,633	2,293	3,655
Provision for taxation	278	211	68	68
Total current liabilities	65,695	59,138	2,509	5,364
Net current assets / (current liabilities)	(5,620)	(10,903)	10,656	5,649
Non-current liabilities:				
Deferred taxation	11	11	-	-
Deferred income	24	-	-	-
Borrowings	10,305	3,189	-	148
Total non-current liabilities	10,340	3,200	-	148
Equity attributable to equity holders of the company				
Share capital	58,782	50,520	58,782	50,520
Treasury shares	(318)	(318)	(318)	(318)
Statutory reserves	1,514	2,027	-	-
Foreign currency translation reserves	(6,420)	(4,149)	-	-
Revaluation reserve	13,814	-	-	-
Share option reserves	185	185	185	185
Fair value adjustment reserves	-	(7,190)	(6)	(6)
Revenue reserves	(26,771)	(5,818)	(3,405)	344
	40,786	35,257	55,238	50,725
Minority interest	1,669	45	-	-
Total equity	42,455	35,302	55,238	50,725
Total liabilities and equity	118,490	97,640	57,747	56,237

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2009	As at 31/12/2008
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,513	28,526	5,462	40,300

Amount repayable after one year

As at 31/12/2009	As at 31/12/2008
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,055	3,250	3,189	Nil

Details of any collateral

The credit facilities of the subsidiaries are secured by the leasehold properties of Europtronic (Singapore) Pte Ltd and Europtronic Electronic (Shenzhen) Co., Ltd, as well as the freehold properties of Europtronic Taiwan Ind Corp and Housing Technology Corp respectively.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Cash Flows	Group S\$'000 12 months ended 31/12/2009	Group S\$'000 12 months ended 31/12/2008
(S\$'000)		
Cash flows from operating activities:		
Net (loss) before income tax	(19,661)	(6,313)
Adjustments for:		
Amortisation of intangible assets	34	24
Depreciation of property, plant and equipment	2,772	2,837
Interest income	(7)	(18)
Interest expense	2,058	2,461
Gain on disposal of property, plant and equipment	(137)	(1,028)
Negative goodwill on acquisition of investment in associated company	-	(1,631)
Inventories written-off	-	1,481
Impairment of investment securities (Quoted)	7,190	-
Impairment of investment (Unquoted)	512	-
Allowance for inventories obsolescence	1,297	1,242
Allowance for impairment of doubtful receivables (Trade)	744	504
Write back of allowance for impairment of doubtful receivables (Non-trade)	16	(16)
Share of results from an associated company	(120)	54
Net effect of exchange rate changes in consolidating subsidiaries	(1,108)	(1,174)
Operating cash flow before reinvestment in working capital	(6,410)	(1,577)
(Increase)/decrease in trade and other receivables	(8,552)	6,276
(Increase)/decrease in inventories	(2,174)	1,596
(Increase)/decrease in biological assets	-	(2)
(Increase)/decrease in other current assets	1,196	172
Increase/(decrease) in trade and other payables	15,213	(9,397)
Cash generated from operations	(727)	(2,932)
Interest paid	(2,058)	(2,461)
Interest received	7	18
Income tax paid	(159)	(604)
Net cash generated (used in)/provided by operating activities	(2,937)	(5,979)
Cash flows from investing activities:		
Intangible assets acquired of customer relationship	(785)	-
Purchase of property, plant and equipment	(1,268)	(1,587)
Return on capital to shareholders	-	(1,335)
Proceeds from disposal of plant and equipment	1,959	641
Proceeds from issuance of new ordinary shares	-	1,335
Acquisition of associated company	-	(360)
Net cash generated from/(used in) investing activities	(94)	(1,306)
Cash flows of financing activities:		
(Repayments of)/proceeds from loans, net	(1,431)	5,639
Proceed from Rights Issue, net	8,262	-
Repayment of lease liabilities	(176)	(223)
Net cash (used in)/generated from financing activities	6,655	5,416
Net increase/(decrease) in cash and cash equivalents	3,624	(1,869)
Cash and cash equivalents at beginning of financial year	3,698	5,567
Cash and cash equivalents at end of financial year	7,322	3,698
CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,758	3,407
Fixed deposits	564	291
	7,322	3,698

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Treasury shares	Share premium	Share option reserves	Statutory reserves	Foreign currency translation reserves	Fair value adjustment reserves	Revaluation reserves	Revenue reserves	Total	Minority interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group												
Balance at 1 January 2008	50,520	(318)	-	185	2,428	(6,790)	(3,326)	-	54	42,753	490	43,243
Changes in equity for the period:												
Total comprehensive income for the period	-	-	-	-	(401)	2,641	(3,864)	-	(5,872)	(7,496)	(445)	(7,941)
Balance at 31 December 2008	50,520	(318)	-	185	2,027	(4,149)	(7,190)	-	(5,818)	35,257	45	35,302
Changes in equity for the period:												
Rights issued for the financial period	8,262	-	-	-	-	-	-	-	-	8,262	-	8,262
Total comprehensive income for the period	-	-	-	-	(513)	(2,271)	7,190	13,814	(20,953)	(2,733)	1,624	(1,109)
Balance at 31 December 2009	58,782	(318)	-	185	1,514	(6,420)	-	13,814	(26,771)	40,786	1,669	42,455
Company												
Balance at 1 January 2008	50,520	(318)	-	185	-	-	(3)	-	84	50,468	-	50,468
Changes in equity for the period:												
Total comprehensive income for the period	-	-	-	-	-	-	(3)	-	260	257	-	257
Balance at 31 December 2008	50,520	(318)	-	185	-	-	(6)	-	344	50,725	-	50,725
Changes in equity for the period:												
Rights issued for the financial period	8,262	-	-	-	-	-	-	-	-	8,262	-	8,262
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(3,749)	(3,749)	-	(3,749)
Balance at 31 December 2009	58,782	(318)	-	185	-	-	(6)	-	(3,405)	55,238	-	55,238

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the Company's share capital since the end of both financial periods reported on.

Option granted under the Europtronic Employees' Share Option Scheme outstanding as at 31 December 2009 was 861,800 (31 December 2008: 861,800).

The Company had 2,500,000 shares held as treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Year ended 31/12/2009	Year ended 31/12/2008
Number of issued shares	338,554,577	338,554,577
Add: Number of issued new shares	1,500,000	-
Add: Number of Rights Issued	337,554,577	-
Less: Number of treasury shares	(2,500,000)	(2,500,000)
Number of issued shares excluding treasury shares	<u>675,109,154</u>	<u>336,054,577</u>

1(d)(iv) A statement showing all sales transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	Year ended 31/12/2009	Year ended 31/12/2008
Balance brought forward	2,500,000	2,500,000
Balance of treasury shares	<u>2,500,000</u>	<u>2,500,000</u>

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2008.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

In the current year, the Group adopted the new/revised Financial Reporting Standards

("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

FRS 1 (Revised) Presentation of Financial Statements
FRS 108 Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	2009	2008
Earnings per ordinary share ("EPS") for the period based on net profit attributable to the shareholders		
(i) Based on weighted average number of ordinary shares in issue ; and	(4.46 cents)	(1.87 cents)
(ii) On a fully diluted basis	(4.46 cents)	(1.87 cents)

- (i) EPS for year ended 31 December 2009 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 481,191,602 (31/12/2008 : 336,054,577) ordinary shares.
- (ii) There is no dilution in respect of the share options outstanding for the end of both financial years reported on.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group			Company		
	31/12/09	31/12/08	Change	31/12/09	31/12/08	Change
Net asset value ("NAV") backing per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	6.04 cents	10.49 cents	(42.42%)	8.18 cents	15.09 cents	(45.79%)

Note:

NAV per ordinary share is computed based on number of shares in issue of 675,109,154 (31/12/2008 : 336,054,577) as at 31 December 2009.

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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Comprehensive Income Statement

Group revenue decreased by S\$4.2 million or 6.01% from S\$70.7 million in FY2008 to S\$66.5 million in FY2009. The decrease was due mainly to the slow recovery of the global economy, which resulted in a weaker than expected electronic components market.

The overall gross profit margin decreased by S\$0.6 million or 11.58% in FY2009 compared to FY2008.

Other operating income in FY2009 was S\$0.5 million compared to S\$4.7 million in FY2008. The decrease was due partly to the negative goodwill incurred when the Group acquired associated company, Dinghan Biotechnology Co Ltd in FY2008.

The increase in administrative expenses was due mainly to the impairment of investment in quoted shares of S\$7.2 million and the provision for diminution of investment for S\$0.5 million. Finance costs decreased by 16.38% due to lower interest rates and early repayment of borrowings.

Revaluation reserves increased by S\$13.8 million due to revaluation of property.

Overall the Group reported a loss after tax of S\$20.1 million in FY2009 compared to S\$6.7 million in FY2008.

Balance sheet

There was an increase in property, plant and equipment by S\$9.6 million due to revaluation of properties.

The increase in cash and bank balances of S\$3.6 million was due to proceeds received from the rights issue exercise and bridging loans in FY2009.

Trade receivables increased from S\$17.3 million in FY2008 to S\$21.9 million in FY2009. Other receivables and prepayments increased from S\$8.7 million in FY2008 to S\$11.4 million in FY2009. The increase in trade and other receivables and prepayments were due to increase in sales activities towards the end of the year.

Inventory increased from S\$17.6 million in FY2008 to S\$18.5 million in FY2009.

Short term borrowings reduced from S\$45.8 million in FY2008 to S\$37.0 million in FY2009 due to reclassification of loans, which saw an increase in long term borrowings from S\$3.2 million in FY2008 to S\$10.3 million in FY2009.

Trade payables increased by S\$8.4 million due to overall improved demand at the end of FY2009. Other payables increased from S\$2.6 million in FY2008 to S\$9.5 million in FY2009 due to increase in sales activities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

As forecasted by the Group in the previous quarter, recovery of the developed economies has been slow. The demand for consumer electronic products was slower than one would expect of a normal peak season in 4Q2009. This has resulted in a weak electronic components market over the same period. However, the Group was able to deliver growth in 4Q2009, where revenue was up by 101.87% and 3.12% compared to 4Q2008 and 3Q2009 respectively.

Having undergone a major restructuring process in 2009, the Group is likely to experience a fast growth period in 2010. The key growth drivers identified for the Group are its Components Distribution Business Unit (CDBU) and its subsidiaries in Hong Kong and Southern China. Moving forward, the Group plans to widen its customer base in Asia, especially in China, Taiwan, Hong Kong, Thailand as well as Singapore. At the same time, the Group will continue to bring in new suppliers with products complementary to the existing product lines.

In addition to driving revenue growth, the Group will focus more on offering and delivering higher value-added services such as field application engineering (FAE) services, vendor managed inventory (VMI) programme etc. in order to improve the Group's gross margins. The Group believes, by offering these services will set it apart from and give it a competitive edge over the competitors.

The setting up of subsidiaries in Hong Kong and Southern China in the second half of 2009 has proven to be a successful growth strategy for the Group. As such, the Group will continue to actively source for joint venture opportunities and partners to further accelerate its growth plans.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been recommended by the Directors for the full year ended 31 December 2009.

15. A breakdown of sales.

	Year Ended 31/12/2009 \$'000 Group	Year Ended 31/12/2008 \$'000 Group	% Increase/(decrease)
Sales reported for first half year	22,853	42,625	(46.39%)
Operating profit / (loss) after tax before deducting minority interest reported for first half year	(8,462)	196	(4,417.35%)
Sales reported for second half year	43,597	28,073	55.30%
Operating (loss) after tax before deducting minority interest reported for second half year	(13,003)	(6,485)	(100.51%)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year (2009)	Previous Full Year (2008)
Ordinary	-	-
Preference	-	-
Total:	-	-

By Order of the Board

Huang Shih An
Chairman
1 March 2010