

First Quarter 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

These figures have not been audited.

	Group		
	Period	Period	%
	ended	ended	Increase/ (Decrease)
	31/3/2006	31/3/2005	
(S\$'000)			
Revenue	21,514	17,966	19.75
Cost of sales	(18,608)	(14,555)	27.85
Gross profit	2,906	3,411	(14.81)
Other operating income	413	136	NM
Selling and distribution expenses	(885)	(666)	32.88
Administrative expenses	(1,784)	(1,692)	5.44
Share of results from an associate	1,616	29	NM
Finance costs	(347)	(260)	33.46
Profit before income tax	1,919	958	NM
Income tax expense	(7)	(42)	(83.33)
Profit attributable to the shareholders	1,912	916	NM
Attributable to:			
Shareholders of the Company	1,940	916	NM
Minority Interest	(28)	-	NM
	1,912	916	
Profit attributable to the shareholders is arrived at after (charging)/crediting the following:			
	Group		
	Period	Period	%
	ended	ended	Increase/ (Decrease)
	31/3/2006	31/3/2005	
(S\$'000)			
Depreciation of property, plant and equipment	(864)	(769)	12.35
Foreign exchange adjustment	364	(23)	NM
Loss on disposal of plant and equipment	-	(3)	(100.00)
Interest expenses	(347)	(260)	33.46
Amortisation of patents	9	-	NM
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

(S\$'000)	Group		Company	
	31/3/2006	31/12/2005	31/12/2006	31/12/2005
Current assets:				
Cash	8,476	11,414	245	415
Trade receivables	28,646	28,729	-	-
Other receivables and prepayments	6,147	6,031	3,614	3,370
Inventories	22,556	22,585	-	-
Total current assets	65,825	68,759	3,859	3,785
Non-current assets:				
Property, plant and equipment	41,585	39,125	-	-
Investments in subsidiaries	-	-	41,277	58,154
Due from subsidiaries	-	-	17,378	-
Investment in an associate	23,480	22,326	-	-
Goodwill on consolidation	2,875	1,888	-	-
Intangible assets	848	873	-	-
Deferred income tax	232	51	-	-
Long-term investments	6,355	6,355	-	-
Total non-current assets	75,375	70,618	58,655	58,154
Total assets	141,200	139,377	62,514	61,939
Current liabilities:				
Interest-bearing loans and borrowings	39,336	38,347	-	-
Trade payables	18,643	18,497	-	-
Other payables	2,330	3,260	2,231	1,439
Provision for taxation	275	393	-	-
Obligations under finance leases	948	1,108	-	-
Total current liabilities	61,532	61,605	2,231	1,439
Non-current liabilities:				
Obligations under finance leases	604	592	-	-
Loan from a subsidiary	-	-	5,500	5,500
Long-term bank loans	5,677	4,291	-	-
Total non-current liabilities	6,281	4,883	5,500	5,500
Equity				
Share capital	51,193	34,231	34,231	34,231
Share premium	-	16,962	16,962	16,962
Legal reserves	2,254	2,239	-	-
Foreign currency translation reserves	(5,934)	(4,220)	-	-
Share option reserves	185	185	185	185
Share buy back	(135)	-	(135)	-
Revenue reserves	25,417	23,492	3,540	3,622
	72,980	72,889	54,783	55,000
Minority interest	407	-	-	-
Total equity	73,387	72,889	54,783	55,000
Total liabilities and equity	141,200	139,377	62,514	61,939
Net current assets	4,293	7,154	1,628	2,346

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

Amount repayable in one year or less, or on demand

As at 31/3/2006	As at 31/12/2005
-----------------	------------------

Secured		Unsecured	
	S\$'000		S\$'000
	4,437		35,847

Secured		Unsecured	
	S\$'000		S\$'000
	2,521		36,934

Amount repayable after one year

As at 31/3/2006	As at 31/12/2005
-----------------	------------------

Secured		Unsecured	
	S\$'000		S\$'000
	6,281		Nil

Secured		Unsecured	
	S\$'000		S\$'000
	4,883		Nil

Details of any collateral

The credit facilities of the subsidiaries are secured by the leasehold properties of Europronic (Singapore) Pte Ltd and Europronic Electronic (Shenzhen) Co., Ltd, and freehold properties of Europronic 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

(S\$'000)	Group 3 months ended 31/03/2006	Group 3 months ended 31/03/2005 (restated)
Cash flows from operating activities:		
Profit before taxation	1,919	958
Adjustments for:		
Depreciation of property, plant and equipment	864	769
Interest income	(4)	(6)
Interest expense	347	260
Loss on disposal of property, plant and equipment	-	3
Share of results from an associate	(1,616)	(29)
Share of minority interests	28	-
Fair value of share options granted	-	88
Operating profit before working capital changes	1,538	2,043
Decrease/(Increase) in trade receivables	1,005	(2,941)
Decrease/(Increase) in other receivables and prepayments	(100)	275
Decrease/(Increase) in inventories	665	(1,963)
(Decrease)/Increase in trade payables	(674)	3,750
Decrease in other payables	(1,336)	(695)
Cash generated from operations	1,098	469
Interest paid	(347)	(260)
Interest received	4	6
Income tax paid	(125)	(207)
Net cash generated from operating activities	630	8
Cash flows from investing activities:		
Purchase of property, plant and equipment	(376)	(1,396)
Acquisition of a subsidiary, net of cash acquired	(2,493)	-
Deposit to property, plant and equipment	-	(661)
Purchase of long-term investments	-	(1,313)
Net cash used in investing activities	(2,869)	(3,370)
Cash flows from financing activities:		
Proceeds from bank loans, net	845	3,469
Repayment of finance leases	(148)	(487)
Net cash generated from financing activities	697	2,982
Net effect of exchange rate changes in consolidating subsidiaries	(1,396)	(94)
Net decrease in cash and cash equivalents	(2,938)	(474)
Cash and cash equivalents at beginning of period	11,414	6,417
Cash and cash equivalents at end of period	8,476	5,943
CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,476	6,128
Bank overdraft	-	(185)
	8,476	5,943

Note 1: Effect of acquisition of subsidiary

	S\$'000
Current assets	1,791
Non-current assets	2,948
Current liabilities	(1,247)
Non-current liabilities	(1,509)
Net assets acquired	1,983
Goodwill on acquisition	988
Minority interests	(444)
Purchase consideration	2,527
Net cash of subsidiaries acquired	(34)
Net cash outflow on acquisition of subsidiaries	2,493

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	Share premium	Legal reserves	Foreign currency translation reserves	Share option reserves	Revenue reserves	Share buy back	Minority interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
As at 31 December 2004	34,231	16,888	1,754	(6,139)	0	19,239	0	0	65,973
Cumulative effects of adopting FRS102	0	74	0	0	97	(171)	0	0	0
Cumulative effects of adopting FRS103	0	0	0	0	0	1,628	0	0	1,628
As restated	34,231	16,962	1,754	(6,139)	97	20,696	0	0	67,601
Profit for the period	0	0	0	0	0	916	0	0	916
Transfer	0	0	82	0	0	(82)	0	0	0
Translation adjustment	0	0	0	271	0	0	0	0	271
Fair value of share options granted	0	0	0	0	88	0	0	0	88
As at 31 March 2005	34,231	16,962	1,836	(5,868)	185	21,530	0	0	68,876
As at 31 December 2005	34,231	16,962	2,239	(4,220)	185	23,492	0	0	72,889
Acquire during the period	0	0	0	0	0	0	0	444	444
Profit for the period	0	0	0	0	0	1,940	0	(28)	1,912
Transfer	16,962	(16,962)	15	0	0	(15)	0	0	0
Translation adjustment	0	0	0	(1,714)	0	0	0	(9)	(1,723)
Share buy back	0	0	0	0	0	0	(135)	0	(135)
Balance at 31 March 2006	51,193	0	2,254	(5,934)	185	25,417	(135)	407	73,387
Company									
As at 31 December 2004	34,231	16,888	0	0	0	3,652	0	0	54,771
Cumulative effects of adopting FRS102	0	74	0	0	97	(171)	0	0	0
As restated	34,231	16,962	0	0	97	3,481	0	0	54,771
Profit for the period	0	0	0	0	0	(136)	0	0	(136)
Fair value of share options granted	0	0	0	0	88	0	0	0	88
As at 31 March 2005	34,231	16,962	0	0	185	3,345	0	0	54,723
As at 31 December 2005	34,231	16,962	0	0	185	3,622	0	0	55,000
Profit for the period	0	0	0	0	0	(82)	0	0	(82)
Transfer	16,962	(16,962)	0	0	0	0	0	0	0
Share buy back	0	0	0	0	0	0	(135)	0	(135)
Balance at 31 March 2006	51,193	0	0	0	185	3,540	(135)	0	54,783

Note: The balance standing to the credit share premium account as of 30 January 2006 has been transferred to the share capital account in accordance with the Companies (Amendments) Act No. 21 of 2005.

- 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 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

Changes in the Company's issued capital

	31/3/2006	31/3/2005
	S\$'000	S\$'000
At beginning of period	34,231	34,231
Transfer of share premium to issued capital	16,962	-
At end of period	51,193	34,231

The balance standing to the credit share premium account as of 30 January 2006 has been transferred to the share capital account in accordance with the Companies (Amendments) Act No. 21 of 2005.

Option granted under the Eurotronic Share Option Scheme outstanding as at 31 March 2006 is 1,540,600 (31 March 2005: 2,011,600)

As at 31 March 2006, the Company had purchased the following number of Shares on the open market:

<u>Date</u>	<u>Number of Shares bought back</u>
24 March 2006	750,000
29 March 2006	1,000,000
30 March 2006	<u>1,000,000</u>
Total	<u>2,750,000</u>

Subsequent to 31 March 2006, the Company had purchased 1,000,000 Shares on the open market. The aggregate of 3,750,000 Shares bought back to-date will be cancelled.

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**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the most recent audited financial statements as at 31 December 2005.

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**

Not applicable.

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**

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

(ii) On a fully diluted basis

Group	
31/3/2006	31/3/2005
0.57 cents	0.27 cents
0.57 cents	0.27 cents

(i) EPS for quarter ended 31 March 2006 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 342,304,577 (31/3/2005 : 342,304,577) ordinary shares of S\$0.10 each.

(ii) There is no dilution in respect of the shares option outstanding for the end of both financial periods reported on.

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

	Group			Company		
	31/3/06	31/12/05	Change	31/3/06	31/12/05	Change
Net asset value ("NAV") backing per ordinary share based on existing issued share capital as at the end of the period reported on	21.32 cents	21.29 cents	0.14%	16.00 cents	16.07 cents	(0.4%)

Note:

The NAV per ordinary share is computed based on number of shares in issue of 342,304,577 (31/12/2005 : 342,304,577) as at 31 March 2006.

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**

Income Statement

The Group's revenue in 1Q2006 increased from S\$18.0 million in 1Q2005 to S\$21.5 million. The increase of S\$4.8 million in the distribution business was partially offset by a decrease of S\$1.3 million in the manufacturing business.

In addition, the Group has recognised the revenue contribution from its newly acquired subsidiary – Housing Technology Corp ("Housing") since 1Q2006. Through its wholly-

owned subsidiary - Eurotronic (Taiwan) Ind Corp, the Group has an effective interest of 77.6% in Housing.

In 1Q2006, the Group's gross profit margin was lower due mainly to lower gross profit margin for the manufacturing business as a result of increased labour cost. However, gross profit margin for the distribution business was maintained.

The increase in other operating income was due mainly to higher exchange gain in 1Q2006.

Compared to 1Q2005, the increase in selling and distribution costs in 1Q2006 was mainly due to higher staff related expenses. This increase was associated with higher business activities in 1Q2006. Finance costs increased as a result of banking facilities for working capital and higher interest rates in 1Q2006 compared to 1Q2005.

The share of results from an associate, Eucon Holding Limited ("Eucon"), increased to S\$1.6 million in 1Q2006. This was due mainly to higher utilisation rates for laser drilling segment in 1Q2006 which enjoyed better margin. In addition, margin from the PCB segment improved as a result of larger customer orders and more turnkey projects secured.

Profit before income tax increased to S\$1.9 million in 1Q2006 due mainly to higher share of results from an associate and other operating income.

Balance sheet

Inventories remained stable in 1Q2006.

Trade receivables increased marginally by S\$0.7 million to S\$28.6 million. However, the average debtors' turnover has decreased from 126 days in FY2005 to 120 days in 1Q2006. This was mainly attributed to an increase in revenue from the distribution business, which has traditionally enjoyed shorter credit terms.

Bank loans rose to S\$46.6 million. This included a long term loan of S\$1.5 million from the Group newly acquired subsidiary, Housing. In addition, the Group utilized more trade financing facilities for purchases of goods. This was in line with increased revenue in 1Q2006.

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

In line with the Group's full year results announcement, the Group had implemented several control initiatives to improve its procurement and inventory management. The efforts paid off as the Group was able to maintain an inventory turnover of 109 days in 1Q2006.

The Group acquired Housing in January 2006. The Group is currently in the midst of increasing its production capacity and expects Housing to be profitable in FY2006.

Taking into account all of the above, the Directors expect the Group to remain profitable in FY 2006.

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 declared for the first quarter ended 31 March 2006

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

15. A breakdown of sales.

Not applicable

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 (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year (2004)	Previous Full Year (2003)
Ordinary	-	-
Preference	-	-
Total:	-	-

BY ORDER OF THE BOARD

Huang Shih-An
Chairman
5/5/2006