

EUROPTRONIC GROUP LTD**Half Year Financial Statement And Dividend Announcement**

The Board of Directors of Europtronic Group Ltd is pleased to announce the results of the Group of the Company for the six months ended 30 June 2002.

These figures have not been audited.

		Group			Company		
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
		30/6/2002	30/6/2001	Increase/ (Decrease)	30/6/2002	30/6/2001	Increase/ (Decrease)
1.(a)	Turnover	19,449	16,627	17.0	0	0	0
1.(b)	Cost of sales or classification as followed in the most recent audited annual financial statements	13,755	11,089	24.0	0	0	0
1.(c)	Gross profit/loss	5,694	5,538	2.8	0	0	0
1.(d)	Investment income	0	0	0	0	0	0
1.(e)	Other income including interest income	192	322	(40.4)	2	0	NM
2.(a)	Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	3,468	3,254	6.6	(8)	(1)	(700)
2.(b)(i)	Interest on borrowings	(546)	(620)	(11.9)	0	0	0
2.(b)(ii)	Depreciation and amortisation	(305)	(229)	33.19	0	0	0
2.(b)(iii)	Foreign exchange gain/(loss)	395	440	(10.2)	57	0	NM
2.(c)	Exceptional items (provide separate disclosure of items)	0	0	0	0	0	0

		Group			Company		
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
		30/6/2002	30/6/2001	Increase/ (Decrease)	30/6/2002	30/6/2001	Increase/ (Decrease)

2.(d)	Operating (loss)/profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	3,012	2,845	5.9	49	(1)	NM
2.(e)	Income derived from associated companies (With separate disclosure of any items included therein which are exceptional because of size & incidence)	0	0	0	0	0	0
2.(f)	Operating profit before income tax	3,012	2,845	5.9	49	(1)	NM
2.(g)	Less income tax (Indicate basis of computation)	(244)	(584)	(58.2)	0	0	0
2.(g)(i)	Operating profit after tax before deducting minority interests	2,768	2,261	22.4	49	(1)	NM
2.(g)(ii)	Less minority interests	0	0	0	0	0	0
2.(h)	Operating profit after tax attributable to members of the company	2,768	2,261	22.4	49	(1)	NM
2.(i)(i)	Extraordinary items (provide separate disclosure of items)	0	0	0	0	0	0
2.(i)(ii)	Less minority interests	0	0	0	0	0	0
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	0	0	0	0

		Group			Company		
		S\$'000	%	%	S\$'000	%	%
		30/6/2002	30/6/2001	Increase/ (Decrease)	30/6/2002	30/6/2001	Increase/ (Decrease)
2.(i)(iv)	Transfer to/from Exchange Reserve	0	0	0	0	0	0
2.(i)(v)	Transfer to Capital Reserve	0	0	0	0	0	0
2.(i)(vi)	Transfer to Reserve Fund	0	0	0	0	0	0
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	2,768	2,261	22.4	49	(1)	NM

NM - Not meaningful

For the purpose of comparison, the consolidated results and balance sheet for the Group for the 6 months ended 30 June 2001 have been presented on a pro forma basis pursuant to the restructuring exercise of the group undertaken for the listing purposes.

	Group Figures	
	Latest period	Previous corresponding period
3.(a) Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]	14.23%	13.60%
3.(b) Operating profit [2(h) above] as a percentage of issued capital and reserves at end of the period	7.41%	11.28%
3.(c) Earnings per ordinary share for the period based on 2(h) above after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	1.29 cents	1.28 cents
(ii) On a fully diluted basis	1.29 cents	1.28 cents
(To disclose the basis used in arriving at the weighted average number of shares for the purposes of (c)(i) above and to provide details of any adjustments made for the purpose of (c)(ii) above)		
3.(d) Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on *	14.41 cents	7.99 cents
3.(e) <u>To provide an analysis of expenses based on their function within the group for the current and previous corresponding period</u>		

THE GROUP	June 30, 2002 S\$'000	June 30, 2001 S\$'000	Change S\$'000	%
Selling & distribution costs	960	628	332	52.9
Administrative expenses	1,458	1,870	(412)	(22.0)
Other operating expenses	-	108	(108)	(100.0)
	2,418	2,606	(188)	(7.2)

***Notes:**

(a) For note 3(c)(i) above.

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period which is 214,848,736 (30/6/2001:176,000,000) ordinary shares of S\$0.10 each.

(b) For note 3 (c)(ii) above.

There is no dilution in respect of the warrants /shares option outstanding at the end of both financial period.

(b) For note 3 (d) above.

The NTA per ordinary shares is based on 250,548,150 (30/6/2001:176,000,000) ordinary shares of S\$0.10 each at the end of period.

Item 4 is not applicable to interim results	Group			Company		
	S\$'000		%	S\$'000		%
	30/6/2002	30/6/2001	Increase/ (Decrease)	30/6/2002	30/6/2001	Increase/ (Decrease)
4.(a) Sales reported for first half year						
4.(b) Operating profit [2(g)(i) above] reported for first half year						
4.(c) Sales reported for second half year						
4.(d) Operating profit [2(g)(i) above] reported for second half year						

5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

NIL

5.(b) Amount of any pre-acquisition profits

NIL

5.(c) Amount of profits on any sale of investments and/or properties

▼ *Item 5c Table*

Sale of investments/properties	\$Profit/(Loss)
NIL	

5.(d) Any other comments relating to Paragraph 5

Not Applicable

6. Segmental Results**Primary reporting segment - business segments (The Group)**

The Group is primarily engaged in two business segments, namely manufacture and sale of film capacitors ("Manufacturing") and distribution of active and passive components ("Distribution"). The Group adopts these two business segments as the basis for its primary segment information.

June 30, 2002	<u>Manufacturing</u> S\$'000	<u>Distribution</u> S\$'000	<u>Unallocated</u> S\$'000	<u>Total</u> S\$'000
STATEMENT OF GROUP RESULTS				
Revenue	9,956	9,493	-	19,449
Result				
Segment result	4,094	1,600	-	5,694
Other operating income				192
Unallocated expenses				(2,328)
Profit from operations				3,558
Finance costs				(546)
Profit before income tax				3,012
Income tax				(244)
Profit attributable to the shareholders of the Proforma Group				2,768
Other information:				
Capital additions	2,640	1	59	2,700
Depreciation	1,063	10	157	1,230
STATEMENT OF NET ASSETS				
Assets				
Segment assets	46,602	14,111	-	60,713
Unallocated assets				7,712
Total assets				68,425
Liabilities				
Segment liabilities	2,628	10,992	-	13,620
Unallocated liabilities				17,447
Total liabilities				31,067
June 30, 2001	<u>Manufacturing</u> S\$'000	<u>Distribution</u> S\$'000	<u>Unallocated</u> S\$'000	<u>Total</u> S\$'000
PROFORMA STATEMENT OF GROUP RESULTS				
Revenue	8,252	8,375	-	16,627
Result				
Segment result	3,301	2,237	-	5,538

Other operating income				322
Unallocated expenses				(2,395)
Profit from operations				3,465
Finance costs				(620)
Profit before income tax				2,845
Income tax				(584)
Profit attributable to the shareholders of the Proforma Group				2,261
Other information:				
Capital additions	9,372	350	-	9,722
Depreciation	536	8	142	686
PROFORMA STATEMENT OF NET ASSETS				
Assets				
Segment assets	35,391	13,035	-	48,426
Unallocated assets				7,856
Total assets				56,282
Liabilities				
Segment liabilities	4,755	15,908	-	20,663
Unallocated liabilities				20,244
Total liabilities				40,907

Secondary reporting format - geographical segments (The Group)

June 30, 2002

Geographical location of the customers comprise People's Republic of China (including Hong Kong SAR), Asia (excluding PRC and HK SAR) and others (mainly in Europe and U.S.A.).

	Revenue By Location Of customers
	S\$'000
People's Republic of China (including Hong Kong SAR)	13,212
Asia (excluding PRC and Hong Kong SAR)	6,101
Others	136
	19,449

Assets and additions to property, plant and equipment ("Capital Additions") by geographical areas in which the assets are located as follows:

	Total Assets	Capital Additions
	S\$'000	S\$'000
People's Republic of China (including Hong Kong SAR)	51,016	2,640
Asia (excluding PRC and Hong Kong SAR)	16,894	60

Others	515	-
	68,425	2,700

June 30, 2001

Geographical location of the customers comprise People's Republic of China (including Hong Kong SAR), Asia (excluding PRC and HK SAR) and others (mainly in Europe and U.S.A.).

	Revenue By Location Of customers	
	S\$'000	
People's Republic of China (including Hong Kong SAR)		9,935
Asia (excluding PRC and Hong Kong SAR)		6,519
Others		173
		16,627

Assets and additions to property, plant and equipment ("Capital Additions") by geographical areas in which the assets are located as follows:

	Total Assets	Capital Additions
	S\$'000	S\$'000
People's Republic of China (including Hong Kong SAR)	39,428	9,722
Asia (excluding PRC and Hong Kong SAR)	16,146	-
Others	708	-
	56,282	9,722

7.(a) Review of the performance of the company and its principal subsidiaries

Turnover

Our turnover increased by S\$2.8 million or 17.0% from S\$16.6 million in 1H 2001 to S\$19.4 million in 1H 2002. This increase was as a result of higher turnover generated from our manufacturing business by S\$1.7 million from S\$8.3 million to S\$10.0 million and distribution business by S\$1.1 million from S\$8.4 million to S\$9.5 million respectively.

The increase in turnover from our manufacturing business was as a result of higher sales in the PRC due to growth in the PRC market. This had resulted in an increase in demand by our Original Electronic Manufacturer ("OEM") customers located in the PRC. We have also procured orders from new customers in 1H 2002 through our continued efforts to expand our business in the PRC.

The increase in turnover from our distribution business for the PRC (including HK) was due mainly as a result of the higher demand for our passive components, which were

distributed to OEMs for the manufacture of computer and computer peripherals (including computer monitors). In addition, turnover from our distribution business in Asia (excluding PRC and Hong Kong SAR) increased mainly as a result of our expanded product range and additional customers due to our acquisition of UPT Component (S) Pte Ltd in April 2001.

Gross profit

Our gross profit increased by S\$0.2 million from S\$5.5 million in 1H 2001 to S\$5.7 million in 1H 2002 due to higher revenue earned. However, our gross profit margin decreased from 33.3% to 29.3% as the improved performance by our manufacturing business was eroded by a lower gross profit margin recorded for our distribution business.

Gross profit margin for our manufacturing business improved as we continued to enjoy benefits from economies of scale in production due to less reliance on subcontracting services. Contributions from our new Suzhou plant which commenced operations in April 2001, have added to the higher sales volume. In addition, we enjoyed higher overall gross profit margin for our distribution business in 1H 2001 due to better margin from our passive component .

Profit before tax ('PBT')

Profit before tax increased by S\$0.2 million from S\$2.8 million in 1H 2001 to S\$3.0 million in 1H 2002 due mainly to higher sales and gross profit. The increase in distribution costs of S\$0.3 million was partially offset by a recovery of doubtful debts of S\$0.2 million. The increase in distribution costs was mainly due to higher salaries cost incurred for our expanded marketing team in the PRC.

Profit after tax ('PAT')

Profit after tax increased by S\$0.5 million from S\$2.3 million in 1H 2001 to S\$2.8 million in 1H 2002 due to lower effective tax rates for the Group in 1H 2002.

- 7.(b) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, the issuer must explain any variance between the forecast or prospect statement and the actual results

There was no forecast, or any prospect statement previously disclosed to shareholders.

- 7.(c) A statement by the Directors of the Company whether any item or event of a material or unusual nature, which would have affected materially the results of operations of the Group and Company, has occurred between the date to which the report refers and the date on

which the report is issued. If none, to give a negative statement.

In the opinion of the Directors, no item, transaction or event of a material or unusual nature has arisen in the interval between the end of the financial period under review to the date of this report which will substantially affect the results of the Group and of the Company for the 6 months ended 30 June 2002.

8. A commentary at the date of this 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

With our continued marketing efforts and new customers secured in the last few months, the Directors believe that it should translate into higher demand for our products for 2H 2002.

Internally, we will continue our efforts in strengthening our marketing team, improving the quality of our products and managing the general and administrative expenses more efficiently.

9. Dividend

(a) Any dividend **declared** for the present financial period? **None**

(b) Any dividend declared for the previous corresponding period? **None**

(c) Total Annual Dividend (if applicable)

	Latest Year (S\$'000)	Previous Year (S\$'000)
Ordinary	0	
Preference	0	0
Total:	0	

(d) Date payable

Not Applicable

(e) Books closure date

Not Applicable

(f) Any other comments relating to Paragraph 9

Not Applicable

10.(a) Balance sheet

	<u>Group</u> <u>30/6/2002</u> \$'000	<u>Proforma</u> <u>Group</u> <u>31/12/2001</u> \$'000	<u>Company</u> <u>30/6/2002</u> \$'000	<u>Company</u> <u>31/12/2001</u> \$'000
<u>ASSETS</u>				
Current assets:				
Cash and fixed deposits	4,291	1,813	1,757	-
Trade receivables	15,709	11,463	-	-
Due from related parties - trade	-	87	-	-
Other receivables and prepayments	1,511	1,729	37	775
Other receivables - subsidiaries	-	-	1,207	2,160
Property available for sale	-	153	-	-
Inventories	14,022	13,021	-	-
Total current assets	35,533	28,266	3,001	2,935
Non-current assets:				
Property, plant and equipment	31,272	30,146	-	-
Investment in subsidiaries	-	-	35,332	1,000
Other investments	366	369	-	-
Goodwill on consolidation	1,254	1,279	-	-
Total non-current assets	32,892	31,794	35,332	1,000
Total assets	68,425	60,060	38,333	3,935
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Current liabilities:				
Bank loans and overdrafts	7,093	10,849	-	-
Trade payables	8,361	11,394	-	-
Due to related party - trade	-	8	-	-
Other payables	923	635	-	103
Other payables - subsidiaries	-	-	3,557	1,704
Due to directors (net) - non-trade	-	1,348	-	-
Income tax payable	440	690	-	-
Obligation under finance leases	224	423	-	-
Proposed dividends	-	500	-	-
Total current liabilities	17,041	25,847	3,557	1,807
Non-current liabilities:				

Long-term loans	10,419	10,524	-	-
Unsecured loan from director	2,948	2,948	-	-
Obligation under finance leases	644	685	-	-
Deferred income tax	15	15	-	-
Total non-current liabilities	14,026	14,172	-	-
Shareholders' equity	37,358	20,041	34,776	2,128
Total liabilities and shareholders' equity	68,425	60,060	38,333	3,935

10.(b) Cash flow statement**THE GROUP**

	1/1/2002 to 30/6/2002 S\$'000	1/1/2001 to 30/6/2001 S\$'000
Cash flows from operating activities:		
Profit before income tax	3,012	2,845
Adjustments for:		
Depreciation expense	1,230	686
Amortisation of goodwill	25	-
Interest income	(8)	(39)
Interest expense	546	620
Operating profit before working capital changes	4,805	4,112
Trade receivables	(4,246)	(661)
Due to related parties - trade	(8)	(295)
Other receivables and prepayments	218	(302)
Due from related parties - trade	87	15
Due from related parties - non trade	-	19
Inventories	(1,001)	(2,885)
Trade payables	(3,033)	366
Other payables	288	473
Due to directors (net) - non-trade	(1,348)	47
Cash generated from operations	(4,238)	889
Interest paid	(546)	(620)
Interest received	8	39
Income tax paid	(494)	(136)
Net cash from operating activities	(5,270)	172
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,700)	(9,722)
Disposal of property, plant and equipment	159	161
Other investments	3	(2)
Dividend paid	(500)	-
Investment in subsidiary/goodwill on consolidation	-	(500)
Net effect of exchange rate change in consolidating subsidiaries	4	452
Net cash used in investing activities	(3,034)	(9,611)
Cash flows from financing activities:		
Proceeds from issuing shares	14,999	-
(Decrease) Increase in bank loans	(3,861)	11,047
Increase (Decrease) in obligations under finance lease	(240)	54
Net cash (used in) from financing activities	10,898	11,101

Net effect of exchange rate changes in consolidating subsidiaries

Net (decrease) increase in cash and cash equivalents	2,594	1,662
Cash and cash equivalents at beginning of year	1,669	2,863
Cash and cash equivalents at end of year	4,263	4,525
CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,820	2,291
Fixed deposits	471	2,380
Bank overdraft	(28)	(146)
	4,263	4,525

10.(c) Statement of changes in equity

	Issued capital S\$'000	Share application monies S\$'000	Share premium S\$'000	Legal reserve S\$'000	Translation reserve S\$'000	Accumulated profits (losses) S\$'000	Total S\$'000
<u>Group</u>							
Balance at December 31, 2000	6,188	-	-	495	1,216	4,293	12,192
Share application monies	-	2,160	-	-	-	-	2,160
Profit for the year	-	-	-	-	-	4,568	4,568
Transfer	-	-	-	495	-	(495)	-
Translation adjustment	-	-	-	-	1,633	-	1,633
Dividends	-	-	-	-	-	(500)	(500)
Proforma adjustments	-	-	-	-	11	(23)	(12)
	6,188	2,160	-	990	2,860	7,843	20,041
Arising from (eliminated) on Restructuring Exercise	11,412	-	-	(990)	(2,860)	(7,562)	-
Balance at December 31, 2001	17,600	2,160	-	-	-	281	20,041
Issued to bondholders	1,187	(2,160)	973	-	-	-	-
New issue of shares	6,268	-	10,656	-	-	-	16,924
Listing expenses	-	-	(1,925)	-	-	-	(1,925)
	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	2,768	2,768
	-	-	-	-	-	-	-
Transfer	-	-	-	225	-	(225)	-
	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	(450)	-	(450)
Balance at June 30, 2002	25,055	-	9,704	225	(450)	2,824	37,358
<u>Company</u>							
Balance at December 31, 2000	-	-	-	-	-	(7)	(7)
Share application monies	-	2,160	-	-	-	-	2,160
	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(25)	(25)
Balance at December 31, 2001	-	2,160	-	-	-	(32)	2,128
Pursuant to the restructuring exercise	17,600	-	-	-	-	-	17,600
Issued to former bondholders	1,187	(2,160)	973	-	-	-	-
New issue of shares	6,268	-	10,656	-	-	-	16,924
Listing expenses	-	-	(1,925)	-	-	-	(1,925)
Profit for the period	-	-	-	-	-	49	49
Balance at June 30, 2002	25,055	-	9,704	-	-	17	34,776

10.(d) Explanatory notes that are material to an understanding of the information provided in10.(a), (b) and (c) above

None

11. Details of any changes in the company's issued share capital**Changes in the company's issued share capital**

	Period from 1 July 01 to 30 June 02	Period from 1 July 00 to 30 June 01	
At beginning of period	20*		-
Incorporation of share issue			2
Pursuant to restructuring exercise	176,000,000		-
To former bondholders	11,868,130		-
New issue of shares	62,680,000		-
At end of period	250,548,150		2

* Subdivision of one ordinary share of \$1.00 each into 10 ordinary shares of \$0.10 each on February 18, 2002.

12. The group's borrowings and debt securities as at the end of the financial period reported

on, and comparative figures as at the end of the most recently announced financial statements

(a) Amount repayable in one year or less, or on demand

As at 30/6/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,317	0	11,272	0

(b) Amount repayable after one year

As at 30/6/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured

S\$'000	S\$'000	S\$'000	S\$'000
11,063	2,948*	11,209	2,948*

(c) Any other comments relating to Paragraph 12

* The loan from director is unsecured, interest-free and payable on or after 1 January 2002.

13. A statement that the same accounting polices and methods of computation are followed

in the financial statements as compared with the most recent audited annual financial statements. Where there have been any changes or departure from the accounting policies and methods of computation, including those required by an accounting standard, this should be disclosed together with the reasons for the change and the effect of the change

Same accounting policies and methods of computation are followed in the financial statements as compared with the most recent audited financial statements.

BY ORDER OF THE BOARD

Huang Shih-An
Chairman
27/08/2002