

EUROPTRONIC GROUP LTD**Half 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**

The result announcement are prepared on voluntary basis and these figures have not been audited.

	Group			Group		
	6 months	6 months	%	3 months	3 months	%
	ended	ended	Increase/	ended	ended	Increase/
	30/06/2003	30/06/2002	(Decrease)	30/06/2003	30/06/2002	(Decrease)
(S\$'000)						
Revenue	20,528	19,449	5.55	10,075	10,338	(2.54)
Cost of Sales	(13,799)	(13,755)	0.32	(6,486)	(7,339)	(11.62)
Gross Profit	6,729	5,694	18.18	3,589	2,999	19.67
Other operating income	112	710	(84.23)	31	530	(94.15)
Selling and distribution costs	(946)	(960)	(1.46)	(470)	(535)	(12.15)
Administrative expenses	(2,404)	(1,886)	27.47	(1,243)	(852)	45.89
Profit from operations	3,491	3,558	(1.88)	1,907	2,142	(10.97)
Finance cost	(377)	(546)	(30.95)	(195)	(328)	(40.55)
Profit before income tax	3,114	3,012	3.39	1,712	1,814	(5.62)
Share of results from associates	1,665	-	100.00	633	-	100.00
Net Income	4,779	3,012	58.67	2,345	1,814	29.27
Income tax expense	(264)	(244)	8.20	(118)	(94)	25.53
Profit attributable to the shareholders	4,515	2,768	63.11	2,227	1,720	29.48

Notes:

(i) Profit before share of associates is arrived at after charging/(crediting) the followings:

	Group			Group		
	6 months	6 months	%	3 months	3 months	%
	ended	ended	Increase/	ended	ended	Increase/

30/06/200330/06/2002(Decrease)30/06/200330/06/2002(Decrease)

(S\$'000)						
Interest Income	3	8	(62.50)	1	7	(85.71)
Depreciation	1,450	1,230	17.89	756	633	19.43
Foreign exchange gain / (Loss)(net)	(12)	395	NM	(71)	325	NM
Loss on disposal of plant and equipment	8	-	100.00	6	-	100.00
Trade receivables written back	-	(244)	(100.00)	-	(244)	(100.00)
Overprovision / (Underprovision) of tax in respect of prior years (net)	19	-	100.00	7	-	100.00

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

BALANCE SHEET as at 30 June 2003

(S\$'000)	Group		Company	
	30/6/2003	31/12/2002	30/6/2003	31/12/2002
ASSETS				
Current assets:				
Cash and fixed deposits	4,031	4,977	501	280
Trade receivables	14,613	15,048	-	-
Other receivables and prepayments	4,169	2,160	32	23
Due from subsidiaries - non trade	-	-	15,651	2,096
Inventories	16,411	13,842	-	-
Total current assets	39,224	36,027	16,184	2,399
Non-current assets:				
Property, plant and equipment	32,637	32,004	-	-
Investment in subsidiaries	-	-	40,776	40,776
Due from subsidiaries	-	-	-	14,557
Investment in associates	17,612	16,048	-	-
Other investments	354	350	-	-
Goodwill on consolidation	2,851	2,924	-	-
Total non-current assets	53,454	51,326	40,776	55,333
Total assets	92,678	87,353	56,960	57,732
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank loans and overdrafts	10,939	7,558	-	-
Trade payables	10,820	9,003	-	-
Due to subsidiaries - non trade	-	-	6,371	7,037
Other payables	1,248	2,457	10	82

Due to directors (net) - non-trade	-	2,948	-	-
Income tax payable	197	205	-	-
Obligation under finance leases	934	590	-	-
Total current liabilities	24,138	22,761	6,381	7,119
Non-current liabilities:				
Long-term loans	8,005	7,995	-	-
Obligation under finance leases	1,576	1,132	-	-
Deferred income tax	80	80	-	-
Total non-current liabilities	9,661	9,207	-	-
Negative goodwill on consolidation	1,953	2,062	-	-
Shareholders' equity	56,926	53,323	50,579	50,613
Total liabilities and shareholders' equity	92,678	87,353	56,960	57,732
Net current assets / (liabilities)	15,086	13,266	9,803	(4,720)

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

Amount repayable in one year or less, or on demand

As at 30/6/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,873	Nil	8,148	2,948*

Amount repayable after one year

As at 30/6/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,581	Nil	9,127	Nil

Details of any collateral

*The loan from director is unsecured, interest-free and payable on or after 1 January 2003.

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

CONSOLIDATED CASH FLOW STATEMENT
for the financial period ended 30 June 2003

	Group	Group	Group	Group
	6 months	6 months	3 months	3 months
	ended	ended	ended	ended
	30/06/2003	30/06/2002	30/06/2003	30/06/2002
(S\$'000)				
Cash flows from operating activities:				
Profit before share of results of associates	3,114	3,012	1,712	1,814
Adjustments for:				
Depreciation expense	1,450	1,230	756	633
Amortisation of goodwill - net	(36)	25	(19)	12
Interest income	(3)	(8)	(1)	(7)
Interest expense	377	546	195	328
(Gain) Loss on disposal of plant and equipment	8	-	6	-
Operating profit before working capital changes	4,910	4,805	2,649	2,780
Trade receivables	435	(4,246)	1,036	(2,258)
Due to related parties - trade	-	(8)	-	-
Other receivables and prepayments	125	218	(223)	1,322
Due from related parties - trade	-	87	-	-
Inventories	(2,569)	(1,001)	(1,082)	304
Trade payables	1,817	(3,033)	(147)	(4,119)
Other payables	(1,216)	288	(2,046)	(4,089)
Due to directors (net) - non-trade	(2,948)	(1,348)	(184)	-
Cash generated from operations	554	(4,238)	3	(6,060)
Interest paid	(377)	(546)	(195)	(328)
Interest received	3	8	1	7
Income tax paid	(171)	(494)	(62)	(277)
Net cash from (used in) operating activities	9	(5,270)	(253)	(6,658)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(3,860)	(2,700)	(1,927)	(1,696)
Disposal of property, plant and equipment	4	159	4	-
Other investments	(4)	3	(1)	4
Dividend paid	(1,313)	(500)	(1,313)	(500)
Net cash used in investing activities	(5,173)	(3,038)	(3,237)	(2,192)
Cash flows from financing activities:				
Proceeds from issuing shares	-	14,999	-	14,999
(Decrease) Increase in loans	3,391	(3,861)	2,121	(5,101)
Increase (Decrease) in obligations under finance lease	788	(240)	598	(128)
Net cash from (used in) financing activities	4,179	10,898	2,719	9,770

Net effect of exchange rate changes in consolidating subsidiaries	39	4	(155)	(9)
Net (decrease) increase in cash and cash equivalents	(946)	2,594	(926)	911
Cash and cash equivalents at beginning of year	4,977	1,669	4,957	3,352
Cash and cash equivalents at end of year	4,031	4,263	4,031	4,263
CASH AND CASH EQUIVALENTS				
Cash and bank balances	4,030	3,820	4,030	3,820
Fixed deposits	1	471	1	471
Bank overdraft	-	(28)	-	(28)
	4,031	4,263	4,031	4,263

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

	Issued capital \$'000	Share premium \$'000	Legal reserve \$'000	Translation reserve \$'000	Proposed dividend \$'000	Accumulated profits (losses) \$'000	Total \$'000
<u>Group</u>							
Balance at 1 April 2002	18,787	973	88	(138)	500	1,241	21,451
New issue of shares	6,268	10,656	-	-	-	-	16,924
Listing expenses	-	(1,925)	-	-	-	-	(1,925)
Profit for the period	-	-	-	-	-	1,720	1,720
Transfer	-	-	137	-	-	(137)	-
Translation adjustment	-	-	-	(312)	-	-	(312)
Dividends paid	-	-	-	-	(500)	-	(500)
Balance at 30 June 2002	25,055	9,704	225	(450)	-	2,824	37,358
Balance at 1 April 2003	28,055	21,146	723	(2,381)	1,313	7,317	56,173
Listing expenses	-	(7)	-	-	-	-	(7)
Profit for the period	-	-	-	-	-	2,227	2,227
Transfer	-	-	76	-	-	(76)	-
Translation adjustment	-	-	-	(154)	-	-	(154)
Dividends paid	-	-	-	-	(1,313)	-	(1,313)
Balance at 30 June 2003	28,055	21,139	799	(2,535)	-	9,468	56,926
	Issued capital S\$'000	Share premium S\$'000	Legal reserve S\$'000	Translation reserve S\$'000	Proposed dividend S\$'000	Accumulated profits (losses) S\$'000	Total S\$'000
<u>Company</u>							
Balance at 1 April 2002	18,787	973	-	-	-	(32)	19,728

New issue of shares	6,268	10,656	-	-	-	-	16,924
Listing expenses	-	(1,925)	-	-	-	-	(1,925)
Net profit for the period	-	-	-	-	-	49	49
Balance at 30 June, 2002	25,055	9,704	-	-	-	17	34,776
Balance at 1 April 2003	28,055	21,146	-	-	1,313	84	50,598
Listing expenses	-	(7)	-	-	-	-	(7)
Dividend paid	-	-	-	-	(1,313)	-	(1,313)
Net profit for the period	-	-	-	-	-	1,301	1,301
Balance at 30 June, 2003	28,055	21,139	-	-	-	1,385	50,579

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 or 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 share capital

	30/6/2003	30/6/2002
At beginning of period	280,548,150	187,868,150
New issue of shares		62,680,000
At end of period	280,548,150	250,548,150

There were no changes in the Company's share capital since the end of the previous period reported on. Option granted under the Eurotronic Share Option Scheme outstanding as at 30 June 2003 is 2,980,000 (30 June 2002 :Nil)

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures are unaudited nor reviewed.

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

Same accounting policies and methods of computation are followed in the financial statements as compared with the most recent audited financial statements as at 31 December 2002.

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

	Group Figures	
	6 months ended 30/6/03	6 months ended 30/6/02
Earnings per ordinary share for the financial year based on net profit attributable to the shareholders		
(i) Based on weighted average number of ordinary shares in issue ; and	1.61 cents	1.29 cents
(ii) On a fully diluted basis	1.61 cents	1.29 cents

	Group Figures	
	3 months ended 30/6/03	3 months ended 30/6/02
Earnings per ordinary share for the financial year based on net profit attributable to the shareholders		
(i) Based on weighted average number of ordinary shares in issue ; and	0.79 cents	0.69 cents
(ii) On a fully diluted basis	0.79 cents	0.69 cents

(i) For six months ended 30 June 2003 Earnings per ordinary share on existing issued share capital

is computed based on the weighted average number of shares in issue during the period of 280,548,150 (30/06/2002 : 214,848,736) ordinary shares of S\$0.10 each.

(ii) For three months ended 30 June, 2003 Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 280,548,150 (30/06/2002 : 247,822,933) ordinary shares of S\$0.10 each.

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

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		
	30/6/03	31/12/02	Change	30/6/03	31/12/02	Change
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	19.97cents	18.70 cents	6.79%	18.02 cents	18.04 cents	(0.11%)

Note:

The NTA per ordinary shares is based on 280,548,150 (31/12/2002 : 280,548,150) ordinary shares of S\$0.10 each at the end of period.

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

The 2Q2003 was a difficult period for many countries in Asia. The SARS outbreak and the Iraq war resulted in disruptions to many businesses. The turnover of the Group in 2Q2003 has slightly been affected as some of the customers had postponed their orders at the end of 2Q2003. However, together with better performance in 1Q2003, the Group posted a higher turnover and profit after tax for the first half year compared to 1H2002.

Second quarter

Compared to the 2Q2002, the Group's turnover decreased by S\$0.2 million to S\$10.1 million in 2Q2003. The increase in turnover from the manufacturing business by S\$1.5 million to S\$6.6 million was fully offsetted by the decrease in distribution business by S\$1.7 million.

Gross profit margin for the manufacturing business improved as we continued to enjoy benefits from economies of scale in production from the two PRC plants.

Profit before tax has marginally decreased by S\$0.1 million from S\$1.8million in 2Q2002 to S\$1.7 million in 2Q2003 as a result of higher salaries cost and foreign exchange gain in 2Q2002. The increase was partially offsetted by lower finance costs as the Group has enjoyed the lower interest rate in 2Q2003.

The share of results from associates of S\$0.6 million is contributed from the two associates acquired in 2H2002 and it was not included in 2Q2002 results.

First half year

The Group's turnover increased by S\$1.1 million from S\$19.4 million in 1H2002 to S\$20.5 million in 2H2003. The turnover generated from the manufacturing business increased by S\$4.0 million to S\$14.0 million in 1H2003. This was partly offsetted by decrease in distribution business by S\$2.9 million to S\$6.5million in 1H2003.

The increase in turnover from the manufacturing business in 1H2003 were due mainly to higher demand from the Original Electronic Manufacturer ("OEM") customers as well as the Original Design Manufacturer ("ODM") located in the PRC.

Due to the termination of distributorship (as announced earlier) with one of the major principals, the turnover for distribution business from Asia (excluding the PRC and Hong Kong) decreased in 1H2003. This was partially offsetted by higher turnover generated from the PRC (including Hong Kong). The Group, having recognized the potential in the PRC, decided to further expand the distribution business in this region by establishing two new subsidiaries in 2002.

In 1H2003, gross profit was higher due to gross profit margin for the manufacturing business improved as we continued to enjoy benefits from economies of scale in production from the two PRC plants. This increase was largely offsetted by a lower gross profit from the distribution business. Contributions from the two plants have added to the higher sales volume since this is the second full year of operation for the Suzhou plant.

Profit before tax has marginally increased by S\$0.1 million from S\$3.0 million in

1H2002 to S\$3.1 million in 1H2003 as a result of higher turnover and lower finance costs as the Group has enjoyed the lower interest rate in 1H2003. This was partially offset by higher salaries cost and foreign exchange gain in 1H2002. As the Group's business expanded, we have had to increase our staff strength, particularly in the sales and customer service departments. We see this as necessary investments to help the Group stay ahead in the marketplace and expand its market share.

The share of results from associates of S\$1.7 million is contributed from the associates acquired in 2H2002 and it was not included in 1H 2002 results.

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

With our continued efforts on product diversification (increased product range), customer diversification (to secure new customer) and market diversification (through its effective network in Asia and Europe), the Group is optimistic that these efforts would further improve its market share in the key markets.

In order to meet the increasing orders from the existing customers and new customers secured in 1H 2003, the Group has expanded its production capability in its Suzhou plant and it is optimistic that the performance of 2H2003 will be better than 1H2003.

We will continue our cost cutting exercise to maintain operational efficiency and competitiveness and remain focused on our core business with the aim to enhance our competitiveness. These would help us to cope with the competitive business environment and the recovering global economy environment.

The Group has two associates namely Tecstar Technology Co., Ltd ("Tecstar") and Eucon Holding Pte Ltd ("Eucon"). Tecstar is in manufacturing and sale of passive components and Eucon group is in precision drilling services. These two associates are expected to contribute positively to the Group's results which will be in line with the market growth. The Group is optimistic that the performance from the associates in 2H 2003 will be better than 1H 2003.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

**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 yearTotal Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary	0	0
Preference	0	0
Total:	0	0

BY ORDER OF THE BOARD

Huang Shih-An
Chairman
26/08/2003