

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	
	30/06/2004	31/12/2003	30/06/2004	31/12/2003
ASSETS				
Current assets:				
Cash	6,143	6,042	23	32
Trade receivables	26,720	24,646	-	-
Other receivables and prepayments	3,715	3,625	17	1,345
Inventories	20,960	16,766	-	-
Total current assets	57,538	51,079	40	1,377
Non-current assets:				
Property, plant and equipment	37,753	34,336	-	-
Investment in subsidiaries	-	-	40,776	40,776
Due from subsidiaries	-	-	20,041	18,292
Investment in associates	19,782	17,664	-	-
Goodwill on consolidation	1,943	1,998	-	-
Negative goodwill on consolidation	(1,734)	(1,845)	-	-
Other investments	6,028	5,855	-	-
Convertible Bonds	1,260	-	-	-
Total non-current assets	65,032	58,008	60,817	59,068
Total assets	122,570	109,087	60,857	60,445
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	24,176	18,921	680	680
Trade payables	16,989	12,328	-	-
Other payables	1,870	2,900	6,986	6,460
Income tax payable	149	218	-	-
Obligations under finance leases	1,803	1,800	-	-
Total current liabilities	44,987	36,167	7,666	7,140
Non-current liabilities:				
Obligations under finance leases	1,732	2,557	-	-
Long-term bank loans	8,912	6,823	-	-
Deferred income tax	69	69	-	-
Total non-current liabilities	10,713	9,449	-	-
Shareholders' equity	66,870	63,471	53,191	53,305
Total liabilities and equity	122,570	109,087	60,857	60,445
Net current assets / (liabilities)	12,551	14,912	(7,626)	(5,763)

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

Amount repayable in one year or less, or on demand

As at 30/6/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
24,282	680	20,041	680

Amount repayable after one year

As at 30/6/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,661	Nil	9,380	Nil

Details of any collateral

The credit facilities of the subsidiaries are secured by the followings:

- Leasehold properties of Europtonic (Singapore) Pte Ltd, Europtonic Electronic (Shenzhen) Co., Ltd, and Europtonic Taiwan Ind Corp;
- A fixed and floating charges over all the assets of Crypson Electronics (S) Pte Ltd; and
- Certain properties owned by the directors and personal guarantees of certain directors of Crypson Electronics (S) Pte Ltd.

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

	Group	Group	Group	Group
	6 months	6 months	3 months	3 months
	ended	ended	ended	ended
	30/06/2004	30/06/2003	30/06/2004	30/06/2003
(S\$'000)				
Cash flows from operating activities:				
Profit before share of results of associates	3,202	3,114	1,393	1,712
Adjustments for:			-	
Depreciation expense	1,406	1,450	708	756
Amortisation of goodwill - net	(55)	(36)	1	(19)
Interest income	(5)	(3)	(3)	(1)
Interest expense	494	377	281	195
Loss on disposal of plant and equipment	4	8	1	6
Operating profit before working capital changes	5,046	4,910	2,381	2,649
Trade receivables	(2,074)	435	(2,045)	1,036
Other receivables and prepayments	427	125	763	(223)
Inventories	(4,194)	(2,569)	(4,852)	(1,082)
Trade payables	4,661	1,817	4,752	(147)
Other payables	(1,030)	(1,216)	(139)	(2,046)
Due to directors (net) - non-trade	-	(2,948)	-	(184)
Cash generated from operations	2,836	554	860	3
Interest paid	(494)	(377)	(281)	(195)
Interest received	5	3	3	1
Income tax paid	(174)	(171)	(42)	(62)
Net cash from (used in) operating activities	2,173	9	540	(253)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(5,329)	(3,860)	(2,404)	(1,927)
Disposal of property, plant and equipment	2	4	2	4
Other investments	(173)	(4)	175	(1)
Dividend paid	(1,705)	(1,313)	(1,705)	(1,313)
Net cash used in investing activities	(7,205)	(5,173)	(3,932)	(3,237)
Cash flows from financing activities:				
Proceeds from issuing shares	297	-	297	-
Decrease (Increase) in Convertible Bonds	(1,260)	-	(1,260)	-
(Decrease) Increase in loans	7,344	3,391	4,082	2,121
Increase (Decrease) in obligations under finance lease	(822)	788	(351)	598
Net cash from financing activities	5,559	4,179	2,768	2,719
Net effect of exchange rate changes in consolidating subsidiaries	(426)	39	(218)	(155)
Net (decrease) increase in cash and cash equivalents	101	(946)	(842)	(926)
Cash and cash equivalents at beginning of year	6,042	4,977	6,985	4,957
Cash and cash equivalents at end of period	6,143	4,031	6,143	4,031
CASH AND CASH EQUIVALENTS				
Cash and bank balances	5,887	4,030	5,887	4,030
Fixed deposits	256	1	256	1
	6,143	4,031	6,143	4,031

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	Share premium	Legal reserve	Translation reserve	Proposed dividend	Accumulated profits (losses)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
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
Balance at 1 April 2004	28,423	22,357	1,378	(5,424)	1,705	15,504	63,943
New issue of shares	90	207	-	-	-	-	297
Transfer due to Bonus issue	5,703	(5,703)	-	-	-	-	-
Profit for the period	-	-	-	-	-	2,637	2,637
Transfer	-	-	159	-	-	(159)	-
Translation adjustment	-	-	-	1,698	-	-	1,698
Dividends paid	-	-	-	-	(1,705)	-	(1,705)
Balance at 30 June 2004	34,216	16,861	1,537	(3,726)	-	17,982	66,870
Company							
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
Balance at 1 April 2004	28,423	22,357	-	-	1,705	811	53,296
New issue of shares	90	207	-	-	-	-	297
Transfer due to Bonus issue	5,703	(5,703)	-	-	-	-	-
Listing expenses	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(1,705)	-	(1,705)
Net profit for the period	-	-	-	-	-	1,303	1,303
Balance at 30 June 2004	34,216	16,861	-	-	-	2,114	53,191

- 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 share capital

	30/6/2004	30/6/2003
At beginning of period	284,226,150	280,548,150
Bonus issue	57,025,427	-
New shares issued under Employees' Share Option Scheme ('ESOS')	901,000	-
At end of period	342,152,577	280,548,150

- 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 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**

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 2003.

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Singapore Companies Act, Cap. 50. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard (SAS). The transition from SAS to FRS did not result in any significant change in accounting policies.

- 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	
	6 months ended 30/6/04	6 months ended 30/6/03
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	1.53 cents	1.34 cents
(ii) On a fully diluted basis	1.52 cents	1.34 cents

	Group	
	3 months ended 30/6/04	3 months ended 30/6/03
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	0.77 cents	0.66 cents
(ii) On a fully diluted basis	0.77 cents	0.66 cents

- (i) For six months ended 30 June 2004 Earnings per ordinary share ('EPS') on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 341,660,227 (30/06/2003 : 336,657,780 as adjusted for bonus issue) ordinary shares of S\$0.10 each.
- (ii) For three months ended 30 June, 2004 Earnings per ordinary share ('EPS') on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 342,073,368 (30/06/2003 : 336,657,780 as adjusted for bonus issue) ordinary shares of S\$0.10 each.
- (iii) For six months ended 30 June 2004 , fully diluted EPS is calculated on 342,123,856 ordinary shares assuming all the full exercise of employees' share option outstanding during the year and adjusting the number of ordinary shares in issue to reflect the effect of all potentially dilutive ordinary shares.
- (iv) For three months ended 30 June 2004 , fully diluted EPS is calculated on 342,536,997 ordinary shares assuming all the full exercise of employees' share option outstanding during the year and adjusting the number of ordinary shares in issue to reflect the effect of all potentially dilutive ordinary shares.
- (v) There is no dilution in respect of the shares option outstanding as at June 30, 2003

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

	30/6/04	31/12/03	Group Change
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	19.48 cents	18.55cents	5.0%

Note: The NTA per ordinary shares is based on 342,152,577 (31/12/2003: 341,251,577 as adjusted for bonus issue) 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**

Second quarter

Compared to the 2Q2003, the Group's turnover increased by S\$6.5 million to S\$16.6 million in 2Q2004. The increase in turnover was due to increase in distribution business. The revenue from manufacturing business was maintained.

The overall gross profit margin in 2Q2004 was lower because higher revenue was recorded from distribution business which yielded lower margin than manufacturing business.

Due to business expansion of the Group, higher selling and distribution and administrative expenses has incurred. These were due mainly to increase in staff strength and selling related expenses such as traveling expenses as a result of more frequent overseas sales and marketing trips and activities. As a result, profit before tax has decreased by S\$0.3 million from S\$1.7million in 2Q2003 to S\$1.4 million in 2Q2004.

The share of results from associate which was contributed by Eucon Holding Limited ('Eucon'), has increased from S\$0.6 million in 2Q2003 to S\$1.5 million in 2Q2004. The higher share of results from associate was due mainly to more contributions from the provision of laser drilling services which commanded a higher margin as compared to the other categories of business activities.

As approved by the shareholders in the Extraordinary General Meeting held on April 29, 2004, the Company has successfully completed a one-for-five bonus issue on May 12, 2004 and additional 57,025,427 new ordinary shares were issued.

As announced earlier, Eurotronic Investment Pte Ltd, a wholly-owned subsidiary, entered into a conditional bond agreement of \$1,260,000 with Greatland Group Pte Ltd ("Greatland") and Greatland's controlling shareholder, Mr. Kung Jung-Chung. The agreement was completed on May 12, 2004. This was funded by internal source of fund.

First half year

The Group's revenue increased by S\$14.0 million or 68.2% from S\$20.5 million in 1H2003 to S\$34.5 million in 1H2004. This increase was due to higher revenue generated from the manufacturing business which increased by S\$1.0 million from S\$14.0 million to S\$15.0 million and distribution business which substantially increased by S\$13.0 million from S\$6.5million to S\$19.5 million respectively. The Group's continuing strong sales performance for 1H2004 was achieved by expanding its product and customer base.

The overall gross profit margin in 2Q2004 was lower because higher revenue was recorded from distribution business which yielded lower margin than manufacturing business.

The share of results from associate which was contributed by Eucon, has increased from S\$1.7 million in 1H2003 to S\$2.4 million in 1H2004. The higher share of results from associate was due mainly to more contributions from the provision of laser drilling services. This was partially offset by start up costs from one of its wholly owned subsidiary which only commenced its PCB manufacturing operation in January 2004.

Profit before tax increased by S\$0.8 million from S\$4.8 million in 1H2003 to S\$5.6 million in 1H2004 was mainly due to share of results from associate. This was partially offset by higher selling and distribution and administrative expenses. This has helped the Group to stay ahead in the marketplace and expand its market share.

Profit attributable to shareholders amounted S\$5.2 million, representing a growth of 15.5% over the S\$4.5 million reported in 1H2003.

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

The growth of turnover and net profit in 1H2004 are in line with what had disclosed in the first quarter result announcement.

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

Although the PRC Government is implementing cooling measures to control its overheated economy, the impact on us is not significant as our business is not in the sectors that are targeted under the cooling measures. However, the worldwide rising oil price has affected the average cost of raw materials. To address the narrowing of gross profit margins, average selling prices have been adjusted marginally upwards to partially offset the increase in cost of raw materials.

Owing to heavy electricity usage during the summer, many Chinese industrial areas encountered periodic power stoppages resulting in temporary plant shutdowns. However, both our plants in Suzhou and Shenzhen have not been significantly affected by these power stoppages. The Group expects the power shortage condition to abate in the upcoming months, with the beginning of the fall season and the gradual cooling of temperature in the PRC.

The management will continue to evaluate and implement various strategies to consolidate and improve the operating performance of the Group in the second half of 2004. The Group will continue to expand through developing relationships with principals by providing value added services to customers and expansion of regional distribution network and customer base.

The associate – Eucon expects the demand for mechanical drilling, routing and PCB manufacturing services from the PRC to increase. In addition, Eucon expects demand for laser drilling service to increase with the rise in HDI PCB consumption. Eucon is expected to contribute positively to the Group's results which will be in line with the market growth. On September 8, 2004 Eucon was officially listed on main board of SGX-ST.

Taking into account of the above, the Group is on track to achieve another year of growth in 2004.

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 year

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

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

BY ORDER OF THE BOARD

Huang Shih-An
Chairman
September 14, 2004