

EUROPTRONIC GROUP LTD

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

These figures have not been audited.

INCOME STATEMENT for the year ended December 31, 2003

	2003 S\$'000	Group 2002 S\$'000	Change %
Revenue	50,737	42,751	18.68
Cost of Sales	(35,436)	(29,814)	18.86
Gross Profit	15,301	12,937	18.27
Other operating income	529	707	(25.18)
Selling and distribution costs	(2,240)	(2,152)	4.09
Administrative expenses	(6,323)	(4,698)	34.59
Profit from operations	7,267	6,794	6.96
Finance cost	(916)	(1,104)	(17.03)
Profit before income tax	6,351	5,690	11.62
Share of results from associates	4,164	1,288	NM
Net Income	10,515	6,978	50.69
Income tax expense	(258)	(195)	32.31
Profit attributable to the shareholders	10,257	6,783	51.22

Profit after income tax as arrived at after crediting/(charging) the followings:

	2003 S\$'000	Group 2002 S\$'000	Change %
Foreign exchange gain	13	340	(96.18)
Gain on disposal of plant and Equipment	123	-	NM
Allowances for doubtful debts – Trade receivables	(251)	(43)	NM
Interest expenses	(916)	(1,104)	(17.03)
Gain on disposal of investment	123	-	NM
Overprovision of tax in respect of prior years	-	60	NM
Interest Income	9	20	(55.00)
Amortisation of goodwill, net	142	43	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

BALANCE SHEET as at December 31, 2003

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
ASSETS				
Current assets:				
Cash and fixed deposits	6,042	4,977	32	280
Trade receivables	24,646	15,048	-	-
Other receivables and prepayments	3,625	2,160	1,345	2,119
Inventories	16,766	13,842	-	-
Total current assets	51,079	36,027	1,377	2,399
Non-current assets:				
Property, plant and equipment	34,336	32,004	-	-
Investment in subsidiaries	-	-	40,776	40,776
Due from subsidiaries	-	-	18,292	14,557
Investment in associates	17,664	16,048	-	-
Other investments	5,855	350	-	-
Goodwill on consolidation	1,998	2,924	-	-
Total non-current assets	59,853	51,326	59,068	55,333
Total assets	110,932	87,353	60,445	57,732
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank loans and overdrafts	18,921	7,558	680	-
Trade payables	12,328	9,003	-	-
Other payables	2,900	2,457	6,460	7,119
Unsecured loan payable to director	-	2,948	-	-
Income tax payable	218	205	-	-
Obligation under finance leases	1,800	590	-	-
Total current liabilities	36,167	22,761	7,140	7,119
Non-current liabilities:				
Long-term bank loans	6,823	7,995	-	-
Obligations under finance leases	2,557	1,132	-	-
Deferred income tax	69	80	-	-
Total non-current liabilities	9,449	9,207	-	-
Negative goodwill on consolidation	1,845	2,062	-	-
Shareholders' equity	63,471	53,323	53,305	50,613
Total liabilities and shareholders' equity	110,932	87,353	60,445	57,732
Net current assets / (liabilities)	14,912	13,266	(5,763)	(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 31/12/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
20,041	680	8,148	2,948

Amount repayable after one year

As at 31/12/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,380	Nil	9,127	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, Europtonic Taiwan Ind Corp and Europtonic (Suzhou) Co., Ltd;
 - 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.
- The loan from director is unsecured, interest-free and payable on or after 1 January 2003
- Plant and equipment with a net book value of S\$5,979,000 (2002: S\$3,251,000) is purchased under finance lease.

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 year ended December 31, 2003**

	Group	
	2003	2002
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before share of results of associates	6,351	5,690
Adjustments for:		
Depreciation expense	2,892	2,592
Amortisation of goodwill - net	(142)	(43)
Interest income	(9)	(20)
Interest expense	916	1,104
Gain on disposal of associate	(123)	-
Gain on disposal of plant and equipment	(123)	-
Operating profit before working capital changes	9,762	9,323

Trade receivables	(7,647)	(3,585)
Due to related parties - trade	-	(8)
Other receivables and prepayments	2,561	(431)
Due from related parties - trade	-	87
Inventories	(2,924)	(821)
Trade payables	1,366	(2,391)
Other payables	205	1,822
Due to directors (net) - non-trade	-	(1,348)
Cash generated from operations	3,323	2,648
Interest paid	(916)	(1,104)
Interest received	9	20
Income tax paid	(258)	(615)
Net cash from operating activities	2,158	949
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,398)	(6,235)
Deposit to purchase plant and equipment	(1,314)	-
Proceeds from sales of property, plant and equipment	846	220
Acquisition of associates	(2,183)	(14,484)
Other Investments	(464)	19
Net cash used in investing activities	(5,513)	(20,480)
Cash flows from financing activities:		
Proceeds from issuing shares	-	29,441
Increase (Decrease) in loans	9,069	(5,676)
(Decrease) Increase in obligations under finance lease	(942)	614
Payment of dividend to previous shareholders of subsidiary	(1,313)	(500)
Payment of unsecured loan payable to director	(2,948)	-
Net cash from financing activities	3,866	23,879
Net effect of exchange rate changes in consolidating subsidiaries	755	(1,040)
Net increase in cash and cash equivalents	1,266	3,308
Cash of subsidiaries acquired	(201)	-
Cash and cash equivalents at beginning of year	4,977	1,669
Cash and cash equivalents at end of year	6,042	4,977

Effect of acquisition of subsidiaries

	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Current assets	4,285	-
Non-current assets	11	-
Current liabilities	(3,558)	-
Non-current liabilities	-	-
Net assets acquired	<u>738</u>	-
Goodwill on acquisition	860	-
Less: Share issued	(1,579)	-
Net cash of subsidiary acquired	<u>(220)</u>	-
Net cash acquired	<u><u>(201)</u></u>	<u><u>-</u></u>

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

<u>Group</u>	Issued capital \$'000	Share application monies \$'000	Share premium \$'000	Legal reserve \$'000	Translation reserve \$'000	Proposed dividend \$'000	Accumulated profits \$'000	Total \$'000
Balance at 1 January 2003	28,055	-	21,146	556	(2,943)	1,313	5,196	53,323
Issued of shares on acquisition of subsidiary less share issue expense	368	-	1,211	-	-	-	-	1,579
Profit for the year	-	-	-	-	-	-	10,257	10,257
Proposed dividend	-	-	-	-	-	1,705	(1,705)	-
Transfer	-	-	-	668	-	-	(668)	-
Translation adjustment	-	-	-	-	(375)	-	-	(375)
Dividends paid	-	-	-	-	-	(1,313)	-	(1,313)
Balance at 31 December 2003	28,423	-	22,357	1,224	(3,318)	1,705	13,080	63,471
Balance at 01 January 2002	*	2,160	-	-	-	-	282	2,442
Issued to former bondholders of Subsidiary	1,187	(2,160)	973	-	-	-	-	-
Issued on restructuring exercise	17,600	-	-	-	-	-	-	17,600
New issue of shares	9,268	-	22,656	-	-	-	-	31,924
Share issue expenses	-	-	(2,483)	-	-	-	-	(2,483)
Profit for the year	-	-	-	-	-	-	6,783	6,783
Transfer	-	-	-	556	-	-	(556)	-
Translation adjustment	-	-	-	-	(2,943)	-	-	(2,943)
Proposed dividend	-	-	-	-	-	1,313	(1,313)	-
Balance at 31 December 2002	28,055	-	21,146	556	(2,943)	1,313	5,196	53,323

Company	Issued capital \$'000	Share application monies \$'000	Share premium \$'000	Legal reserve \$'000	Translation reserve \$'000	Proposed dividend \$'000	Accumulated profits \$'000	Total \$'000
Balance at 1 January 2003	28,055	-	21,146	-	-	1,313	99	50,613
Issued of shares on acquisition of subsidiary less share issue expense	368	-	1,211	-	-	-	-	1,579
Profit for the year	-	-	-	-	-	-	2,426	2,426
Proposed dividend	-	-	-	-	-	1,705	(1,705)	-
Translation adjustment	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(1,313)	-	(1,313)
Balance at 31 December 2003	28,423	-	22,357	-	-	1,705	820	53,305
Balance at 01 January 2002	*	2,160	-	-	-	-	(32)	2,128
Issued to former bondholders of Subsidiary	1,187	(2,160)	973	-	-	-	-	-
Issued on restructuring exercise	17,600	-	-	-	-	-	-	17,600
New issue of shares	9,268	-	22,656	-	-	-	-	31,924
Share issue expenses	-	-	(2,483)	-	-	-	-	(2,483)
Profit for the year	-	-	-	-	-	-	1,444	1,444
Proposed dividend	-	-	-	-	-	1,313	(1,313)	-
Balance at 31 December 2002	28,055	-	21,146	-	-	1,313	99	50,613

* S\$2

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

	31/12/2003	31/12/2002
At beginning of year	280,548,150	20
Share issue:		
- Pursuant to restructuring exercise	-	176,000,000
- To former bondholders of subsidiary	-	11,868,130
- Initial Public Offering	-	62,680,000
- Private Placement	-	30,000,000
- Issue of shares on acquisition of subsidiary	3,678,000	-
At end of year	284,226,150	280,548,150

Option granted under the Europronic Share Option Scheme outstanding as at December 31, 2003 is 2,776,000 (December 31,2002 :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 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 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

Nil

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	
	2003	2002
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	3.65 cents	2.80 cents
(ii) On a fully diluted basis	3.64 cents	2.80 cents

(i) EPS for year ended December 31, 2003 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 281,062,042 (31/12/2002 : 242,543,773) ordinary shares of S\$0.10 each.

(ii) Fully diluted EPS for year ended December 31, 2003 is calculated on 281,630,620 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. There is no dilution in respect of the shares option outstanding as at December 31, 2002.

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		
	31/12/03	31/12/02	Change	31/12/03	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	22.28 cents	18.70 cents	19.1%	18.75 cents	18.04 cents	3.9%

Note:

The NTA per ordinary share is based on 284,226,150 (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

Income statement

Despite the challenging business environment compounded by the Iraqi war and the SARS outbreak in the first half of the year, the Group continues to show satisfactory growth in 2003. Both turnover and profitability registered double digits growth

The Group's revenue increased by S\$7.9 million or 18.5% from S\$42.8 million in 2002 to S\$50.7 million in 2003. This increase was due to higher revenue generated from the manufacturing business which increased by S\$5.4 million from S\$23.9 million to S\$29.3 million and distribution business which increased by S\$2.5 million from S\$18.9 million to S\$21.4 million respectively.

Through our continued efforts to expand our business in the PRC, the Group has managed to deliver more in-house manufactured film capacitors to the Original Electronic Manufacturer ("OEM") customers as well as the Original Design Manufacturer ("ODM") customers located in the PRC.

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. The increase in revenue generated from the PRC (including Hong Kong) more than offsetted the decrease in revenue generated from Asia (excluding the PRC and Hong Kong) due to the termination of distributorship (as announced earlier) with one of the major principals. In addition, the Group has included the revenue contribution from the newly acquired wholly owned subsidiary – Crypson Electronics (S) Pte Ltd since 4Q 2003.

Gross profit was higher in 2003 due to higher revenue recorded. The gross profit margin for the manufacturing business was maintained. The lower gross profit margin

from the distribution business was mainly due to higher purchase costs which were not able to pass on to the customers.

The share of results from associate of S\$4.2 million is mainly contributed by Eucon Holding Pte Ltd ('Eucon'). This is its first full year contribution.

Profit before tax increased by S\$3.5 million from S\$7.0 million in 2002 to S\$10.5 million in 2003 as a result of higher revenue, higher share of results from associates and lower finance costs as the Group has enjoyed the lower interest rate in 2003. This was partially offsetted by higher salaries cost and provision for doubtful debts in 2003 and lower foreign exchange gain as compared to 2002. As the Group's business expanded, the Group has to increase its staff strength. This was necessary to help the Group to stay ahead in the marketplace and expands its market share.

Profit attributable to shareholders record on S\$10.3 million, representing a growth of 51.5% over the S\$6.8 million reported in 2002.

Balance sheet

In line with the Group's expansion plans, property, plant and equipment had shown an increase of \$6.0 million due to the acquisition of new production facilities at our Suzhou plant. These acquisition are mainly financed through finance lease arrangement.

Inventories have increased by S\$3.0 million to S\$16.8 million. The increase was mainly due to more products for the distribution business which required a longer lead time. Trade receivables have also increased by S\$9.6 million. This was due to increase in revenue especially in 4Q 2003. Revenue in 4Q2003 grew by 58% compared to 3Q2003 as the Group continued to receive strong orders for both manufacturing and distribution businesses.

Bank loans rose to S\$18.9 million as the Group utilized more trade financing facilities and short term loan. This was in line with the higher turnover in the last three months.

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

The Group results for the financial year 2003 exceeded that of 2002 and are in line with the prospect statement made in the third quarter announcement dated November 20, 2003.

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 the continuation of the global outsourcing trend for manufacturing, Asia (especially the PRC) will remain a major beneficiary as this region continues to grow as a manufacturing centre. Having two manufacturing facilities in the PRC, the Group is well positioned to take advantage of this growth potential.

Through the Group's 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. The Group will also continue to explore and expand its penetration into the telecommunication and consumer electronics markets.

In order to meet the increasing orders from the existing customers and new customers secured in 2003, the Group will continue to expand its production capability in its Suzhou plant. Without any further SARS-like disruptions, the Group expects to maintain a healthy growth in turnover and operating profit in 2004.

The associate –Eucon is in precision drilling services. With the improving trend in the electronics industry and greater demand for PCBs, the requirement for outsourcing of drilling services remain high. Eucon will continue to focus on the expansion in the Shanghai-Jiangsu region and Taiwan. It is now serving most of the leading PCB manufacturers in these two regions. Eucon is expected to contribute positively to the Group's results which will be in line with the market growth.

During the year, the Group diluted its equity stake in Tecstar Technology Co., Ltd ("Tecstar") from 20.2% to 17.3%.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per Share	S\$0.003	S\$0.003
Dividend Rate (in %)	3% per share	3% per share
Par value of shares	S\$0.10	S\$0.10
Tax Rate	Tax exempt	Exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per Share	S\$0.003	S\$0.003
Optional:- Dividend Rate (in %)	3% per share	3% per share
Par value of shares	S\$0.10	S\$0.10
Tax Rate	22%	22%

(c) Date payable

To be announced later

(d) Books closure date

To be announced later

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.

	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Total S\$'000
December 31, 2003				
PROFIT AND LOSS STATEMENT				
Revenue	29,276	21,461	-	50,737
Result:				
Segment result	12,045	3,256	-	15,301
Other operating income				529
Unallocated expenses				(8,563)
Profit from operations				7,267
Finance costs				(916)
Share of results of associates				4,164
Profit before income tax				10,515
Income tax expenses				(258)
Profit attributable to Group				10,257
Other information:				
Capital additions	5,453	148	374	5,975
Depreciation	2,532	63	297	2,892
Amortisation	-	-	(142)	(142)

	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Total S\$'000
December 31, 2003				
STATEMENT OF NET ASSETS				
Assets:				
Segment assets	55,610	17,895	-	73,505
Unallocated assets				37,427
Total assets				110,932
Liabilities:				
Segment liabilities	9,831	12,949	-	22,780
Unallocated liabilities				22,836
Total liabilities				45,616
	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Total S\$'000
December 31, 2002				
PROFIT AND LOSS STATEMENT				
Revenue	23,874	18,877	-	42,751
Result:				
Segment result	9,776	3,161	-	12,937
Other operating income				707
Unallocated expenses				(6,850)
Profit from operations				6,794
Finance costs				(1,104)
Share of results of associates				1,288
Profit before income tax				6,978
Income tax expenses				(195)
Profit attributable to Group				6,783
Other information:				
Capital additions	5,791	361	83	6,235
Depreciation	2,258	19	315	2,592
Amortisation	-	-	(43)	(43)

	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Total S\$'000
December 31, 2002				
STATEMENT OF NET ASSETS				
Assets:				
Segment assets	48,458	11,384	-	59,842
Unallocated assets				27,511
Total assets				87,353
Liabilities:				
Segment liabilities	4,056	11,128	-	15,184
Unallocated liabilities				16,784
Total liabilities				31,968

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.

Please refer to Paragraph 8

15. A breakdown of sales.

	Group		
	31/12/2003	31/12/2002	% Change
	S\$'000	S\$'000	
Sales reported for first half year	20,528	19,449	5.5%
Profit attributable to the shareholders for first half year	4,515	2,768	63.1%
Sales reported for second half year	30,209	23,302	29.6%
Profit attributable to the shareholders for second half year	5,742	4,015	43.0%

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 (2003)	Previous Full Year (2002)
Ordinary	1,705,000	1,313,000
Preference	0	0
Total:	1,705,000	1,313,000

17. Bonus Issue

The Board is pleased to propose a bonus issue (the "Bonus Issue") of 56,845,230 new ordinary shares of S\$0.10 each in the capital of the Company (the "Bonus Shares"). This will be on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of par value S\$0.10 each held by the shareholders of the Company (the "Shareholders") on a date to be determined by the Directors (the "Books Closure Date"). The Company will capitalise approximately the sum of S\$5,684,523 from its share premium account to be applied towards paying up in full for the Bonus Issue.

The actual number of Bonus Shares that will be issued by the Company will depend on the total issued share capital of the Company as at the Books Closure Date.

The bonus issue enables the Company to express its appreciation and to reward loyal Shareholders for their continuing support for the Company. At the same time, it will augment the issued share capital base of the Company to reflect the growth and expansion of the Group's business.

The Bonus Shares, when issued will rank *pari passu* in all respects with the existing Shares in the capital of the Company except that they will not be entitled to any dividend declared in respect of the financial year ended 31 December 2003.

The Bonus Issue and the listing and quotation of the Bonus Shares are subject to the approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the Bonus Shares on the Mainboard of Stock Exchange of Singapore ("SGX-Mainboard"). The Company will make an application to the SGX-ST for permission to deal in and for listing and quotation of the Bonus Shares on the SGX-Mainboard.

BY ORDER OF THE BOARD

Huang Shih-An
Chairman
26/2/2004