

## Second Quarter and First 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

Group Income Statement for quarter ended 30 June 2011. These figures have not been audited.

	Group			Group		
	6 months	6 months	%	3 months	3 months	%
	ended	ended	Increase/ (Decrease)	ended	ended	Increase/ (Decrease)
	30/06/2011	30/06/2010	(Decrease)	30/06/2011	30/06/2010	(Decrease)
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	50,830	63,395	(19.82)	21,666	31,662	(31.57)
Cost of sales	(45,470)	(51,314)	(11.39)	(18,908)	(25,100)	(24.67)
Gross profit	5,360	12,081	(55.63)	2,758	6,562	(57.97)
Other income	507	458	10.70	286	184	55.43
Other gains/(losses) - net	1,562	108	NM	378	74	NM
Expenses						
- Distribution and marketing	(2,377)	(2,309)	2.94	(1,120)	(1,009)	11.00
- Administrative	(4,147)	(4,345)	(4.56)	(2,293)	(2,364)	(3.00)
- Finance	(917)	(908)	0.99	(478)	(386)	23.83
Share of results of associated company	-	-	NM	-	(8)	NM
Profit before income tax	(12)	5,085	NM	(469)	3,053	NM
Income tax expense	(468)	(186)	NM	(299)	(177)	68.93
Net (loss)/profit	(480)	4,899	NM	(768)	2,876	NM
Other comprehensive (losses)/income:						
Financial assets, available-for-sale						
- Reversal for fair value reserve	(154)	-	NM	(16)	-	NM
Reversal for revaluation reserve	(945)	-	NM	(5)	-	NM
Retained earnings/(losses) adjusted during the year	32	(66)	NM	32	(66)	NM
Currency translation differences arising from consolidation	(1,570)	1,706	NM	225	(125)	NM
Other comprehensive (losses)/income, net of tax	(2,637)	1,640	NM	236	(191)	NM
Total comprehensive (losses)/income	(3,117)	6,539	NM	(532)	2,685	NM
(Loss)/Profit attributable to:						
Equity holders of the Company	(719)	1,654	NM	(818)	1,263	NM
Non-controlling interests	239	3,245	(92.63)	50	1,613	(96.90)
	(480)	4,899	NM	(768)	2,876	NM
Total comprehensive (losses)/income attributable to:						
Equity holders of the Company	(3,356)	3,294	NM	(331)	1,072	NM
Non-controlling interests	239	3,245	(92.63)	50	1,613	(96.90)
	(3,117)	6,539	NM	(281)	2,685	NM
(Loss)/Profit per share for net (loss)/profit attributable to equity holders of the Company (cents per share)						
- Basic	(0.11)	0.34	NM	(0.12)	0.26	NM
- Diluted	(0.11)	0.34		(0.12)	0.26	
Profit for the financial year ended 30 June is arrived at after (charging)/crediting the following:						
	Group					
	6 months	6 months	%			
	ended	ended	Increase/ (Decrease)			
	30/06/2011	30/06/2010	(Decrease)			
	S\$'000	S\$'000				
Depreciation of property, plant and equipment	(1,376)	(1,369)	0.51			
Foreign exchange gain, net	616	(315)	NM			
Interest expenses	(917)	(908)	0.99			
Interest income	13	5	NM			
Reversal for inventories obsolescence	37	513	(92.79)			
Write back of allowance for impairment of doubtful receivables (Non-trade)	8	8	NM			
Amortisation of intangible assets	(140)	(13)	NM			
Gain on disposal of property, plant and equipment	869	-	NM			
Gain on disposal of investment securities	77	108	(28.70)			
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**

Statement of Financial Position	Group		Company	
	30/06/2011 S\$'000	31/12/2010 S\$'000	30/06/2011 S\$'000	31/12/2010 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	13,260	8,656	271	217
Financial assets, available-for-sale	1,113	1,421	1	1
Trade and other receivables	29,226	29,645	8,448	9,621
Inventories	26,895	26,049	-	-
Other current assets	2,584	2,407	51	15
	<b>73,078</b>	<b>68,178</b>	<b>8,771</b>	<b>9,854</b>
Assets held for sale under FRS 105	1,459	3,070	-	-
<b>Total current assets</b>	<b>74,537</b>	<b>71,248</b>	<b>8,771</b>	<b>9,854</b>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	49,962	47,402
Investment properties	244	383	-	-
Financial assets, available-for-sale	6,594	6,594	-	-
Property, plant and equipment	39,440	41,959	-	-
Intangible assets	3,854	3,504	-	-
<b>Total non-current assets</b>	<b>50,132</b>	<b>52,440</b>	<b>49,962</b>	<b>47,402</b>
<b>Total assets</b>	<b>124,669</b>	<b>123,688</b>	<b>58,733</b>	<b>57,256</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	26,587	29,590	4,140	1,772
Borrowings	45,695	39,016	-	-
Deferred income tax liabilities	28	28	-	-
Current income tax liabilities	121	199	-	68
<b>Total current liabilities</b>	<b>72,431</b>	<b>68,833</b>	<b>4,140</b>	<b>1,840</b>
<b>Non-current liabilities</b>				
Borrowings	9,989	8,037	-	-
Deferred income	15	16	-	-
Deferred income tax liabilities	529	529	-	-
<b>Total non-current liabilities</b>	<b>10,533</b>	<b>8,582</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>82,964</b>	<b>77,415</b>	<b>4,140</b>	<b>1,840</b>
<b>NET ASSETS</b>	<b>41,705</b>	<b>46,273</b>	<b>54,593</b>	<b>55,416</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the company</b>				
Share capital	58,782	58,782	58,782	58,782
Treasury shares	(569)	(318)	(569)	(318)
Statutory reserve	2,388	1,607	-	-
Currency translation reserve	(7,916)	(6,346)	-	-
Revaluation reserve	12,342	13,287	-	-
Fair value reserve	556	710	-	-
Share option reserve	185	185	185	185
Accumulated losses	(29,825)	(27,161)	(3,805)	(3,233)
	35,943	40,746	54,593	55,416
Non-controlling interests	5,762	5,527	-	-
<b>Total equity</b>	<b>41,705</b>	<b>46,273</b>	<b>54,593</b>	<b>55,416</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 30/06/2011	As at 31/12/2010
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,279	35,416	8,938	30,078

**Amount repayable after one year**

As at 30/06/2011	As at 31/12/2010
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,415	3,574	4,319	3,718

**Details of any collateral**

The credit facilities of the subsidiaries are secured by the leasehold properties of Europtronic (Singapore) Pte Ltd and UPT Crypson Component (Shanghai) Co., Ltd, as well as the freehold properties of Europtronic Taiwan Ind Corp and Housing Technology Corp respectively. In addition, it also secured by fixed deposit and shares from Financial assets, available-for-sale.

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

Statement of Cash Flows	Group			
	6 months ended 30/06/2011 S\$'000	6 months ended 30/06/2010 S\$'000	3 months ended 30/06/2011 S\$'000	3 months ended 30/06/2010 S\$'000
<b>Cash flows from operating activities:</b>				
Net (loss)/profit	(94)	5,085	(551)	3,053
Adjustments for:				
- Reversal for inventories obsolescence	(37)	(513)	-	(494)
- Amortisation of intangible assets	140	13	69	2
- Bad debts written off	-	12	-	12
- Depreciation of property, plant and equipment	1,376	1,369	662	698
- Interest expense	917	908	478	386
- Share of results of associated company	-	-	-	8
- Gain on disposal of financial assets, available-for-sale	(77)	-	(8)	-
- Gain on disposal of property, plant and equipment	(869)	4	(101)	15
- Interest income	(13)	(5)	(8)	(3)
- Write back of allowance for doubtful receivables (non-trade)	(8)	(8)	(4)	(4)
- Unrealised currency translation losses	330	72	249	(778)
	1,665	6,937	786	2,895
<b>Changes in working capital</b>				
- Inventories	(809)	(3,867)	(3,663)	(4,669)
- Trade and other receivables	513	(3,831)	3,686	4,238
- Other current assets	(177)	(950)	(193)	(368)
- Trade and other payables	(3,004)	(180)	871	(4,838)
Cash generated from operations	(1,812)	(1,891)	1,487	(2,742)
Interest received	13	5	8	3
Interest paid	(917)	(908)	(478)	(386)
Income tax paid	(546)	(238)	(373)	(118)
<b>Net cash (used in)/provided by operating activities</b>	<b>(3,262)</b>	<b>(3,032)</b>	<b>644</b>	<b>(3,243)</b>
<b>Cash flows from investing activities:</b>				
Additions of intangible assets	(588)	-	(541)	-
Additions of property, plant and equipment	(163)	(337)	(163)	(166)
Dividend payable	(1,196)	-	(1,196)	-
Proceeds from disposal of financial assets, available-for-sale	231	108	25	108
Proceeds from disposal of property, plant and equipment	1,410	63	(7)	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(306)</b>	<b>(166)</b>	<b>(1,882)</b>	<b>(58)</b>
<b>Cash flows from financing activities:</b>				
Bank deposit pledged	(5,432)	-	(3,432)	-
Net proceeds from/(repayments of) borrowings	8,123	2,299	4,643	2,552
Net proceeds from/(repayments of) finance lease liabilities	508	(45)	(237)	(11)
Share buy back	(251)	-	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>2,948</b>	<b>2,254</b>	<b>974</b>	<b>2,541</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(620)</b>	<b>(944)</b>	<b>(264)</b>	<b>(760)</b>
<b>Cash and cash equivalents</b>				
Beginning of financial year	4,187	6,758	3,831	6,574
<b>End of financial year</b>	<b>3,567</b>	<b>5,814</b>	<b>3,567</b>	<b>5,814</b>

**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	Treasury shares	Share option reserve	Statutory reserve	Foreign currency translation reserve	Fair value adjustment reserve	Revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>											
<b>2011</b>											
Balance at 1 April 2011	58,782	(569)	185	1,607	(8,141)	572	12,347	(27,062)	37,721	5,716	43,437
Changes in equity for the period:											
Dividend relating to 2010 paid	-	-	-	-	-	-	-	(1,196)	(1,196)	-	(1,196)
Total comprehensive income for the year	-	-	-	781	225	(16)	(5)	(1,567)	(582)	46	(536)
<b>Balance at 30 June 2011</b>	<b>58,782</b>	<b>(569)</b>	<b>185</b>	<b>2,388</b>	<b>(7,916)</b>	<b>556</b>	<b>12,342</b>	<b>(29,825)</b>	<b>35,943</b>	<b>5,762</b>	<b>41,705</b>
<b>2010</b>											
Balance at 1 April 2010	58,782	(318)	185	1,453	(4,589)	-	13,713	(26,316)	42,910	3,301	46,211
Changes in equity for the period:											
Transfer from retained profits to statutory reserves	-	-	-	73	-	-	-	(73)	-	-	-
Total comprehensive income for the year	-	-	-	-	(126)	-	-	1,197	1,071	1,613	2,684
<b>Balance at 30 June 2010</b>	<b>58,782</b>	<b>(318)</b>	<b>185</b>	<b>1,526</b>	<b>(4,715)</b>	<b>-</b>	<b>13,713</b>	<b>(25,192)</b>	<b>43,981</b>	<b>4,914</b>	<b>48,895</b>
<b>Company</b>											
<b>2011</b>											
Balance at 1 April 2011	58,782	(569)	185	-	-	-	-	(3,462)	54,936	-	54,936
Changes in equity for the period:											
Total comprehensive loss for the year	-	-	-	-	-	-	-	(343)	(343)	-	(343)
<b>Balance at 30 June 2011</b>	<b>58,782</b>	<b>(569)</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,805)</b>	<b>54,593</b>	<b>-</b>	<b>54,593</b>
<b>2010</b>											
Balance at 1 April 2010	58,782	(318)	185	-	-	-	-	(4,010)	54,639	-	54,639
Changes in equity for the period:											
Total comprehensive loss for the year	-	-	-	-	-	-	-	(498)	(498)	-	(498)
<b>Balance at 30 June 2010</b>	<b>58,782</b>	<b>(318)</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,508)</b>	<b>54,141</b>	<b>-</b>	<b>54,141</b>

**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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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**

There were no changes in the Company's share capital since the end of both financial year reported on.

Option granted under the Eurotronic Employees' Share Option Scheme outstanding as at 30 June 2011 was 1,644,400 (30 June 2010: 1,723,600).

The Company had 12,500,000 shares held as treasury shares.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>6 months ended 30/06/2011</b>	<b>Year ended 31/12/2010</b>
Number of issued shares	677,609,154	677,609,154
Add: Number of issued new shares	-	-
Add: Number of Rights Issued	-	-
Less: Number of treasury shares	(12,500,000)	(2,500,000)
Number of issued shares excluding treasury shares	<u>665,109,154</u>	<u>675,109,154</u>

**1(d)(iv) A statement showing all sales transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	<b>6 months ended 30/06/2011</b>	<b>Year ended 31/12/2010</b>
Balance brought forward	2,500,000	2,500,000
Purchase of treasury shares	10,000,000	-
Transfer to Eurotronic Performance Shares	-	-
Balance of treasury shares	<u>12,500,000</u>	<u>2,500,000</u>

**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**

Save as disclosed in point 5 below, the Group has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements for the financial year ended 31 December 2010.

**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**

In the current year, the Group adopted the new/revised Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2011. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

Amendments to FRS 24	Related party disclosures
Amendments to FRS 32	Financial instruments: Presentation – Classification of right issues
Amendments to INT FRS 114	Prepayments of a minimum funding requirement
INT FRS 119	Extinguishing financial liabilities with equity instruments

The adoption of the above FRS did not result in any substantial change to the Group’s accounting policies nor any significant impact on the financial statements.

**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	
	30/06/2011	30/06/2010
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	(0.11 cents)	0.34 cents
(ii) On a fully diluted basis	(0.11 cents)	0.34 cents

(i) EPS for quarter ended 30 June 2011 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 662,331,376 (30/06/2010 : 481,191,602) ordinary shares.

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

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

	Group			Company		
	30/06/11	31/12/10	Change	30/06/11	31/12/10	Change
Net asset value (“NAV”) backing per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	5.40 cents	6.02 cents	(10.30%)	8.21 Cents	8.21 cents	NIL

Note:

NAV per ordinary share is computed based on number of shares in issue of 665,109,154 (31/12/2010 : 675,109,154) as at 30 June 2011.

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**

#### **Comprehensive Income Statement (1H 2011 vs 1H 2010)**

Group revenue decreased by 19.82% or S\$12.6 million from S\$63.4 million to S\$50.8 million due mainly to lower demand in electronic components market.

The overall gross profit decreased by S\$6.7 million due to lower demand in electronic components market.

Distribution and marketing expenses increased by 2.94% due mainly to sales of obsolescence stock in 1H 2010.

Administration expense decreased by 4.56% due mainly to continuous cost cutting exercise undertaken by the Group.

Finance expense increased by 0.99% due to increase in overall borrowing in the Group.

Income tax expense increased by S\$0.3 million due mainly to the increase in profit in PRC operation.

Overall the Group reported a loss after tax and before minority interests of S\$0.5 million in 1H 2011, compared to a profit after tax and before minority interests of S\$4.9 million in 1H 2010.

#### **Balance Sheet**

Cash and cash equivalents increased by S\$4.6 million in 1H 2011 to S\$13.3 million due mainly to the increase in fixed deposits in Singapore, Suzhou and Hong Kong.

Trade and other receivables decreased by S\$0.4 million in 1H 2011 due mainly to less sales generated in 1H 2011.

Inventory increased by S\$0.9 million in 1H 2011 compare to FY 2010 due mainly to order placed in FY 2010 and the lower demand in electronic components market.

Assets held for sales decreased from S\$3.0 million in FY 2010 to S\$1.5 million in 1H 2011 due mainly to the disposal of one unit of the factory building in Shenzhen.

Property, plant and equipment decreased from S\$42.0 million in FY 2010 to S\$39.4 million in 1H 2011 due mainly to disposal of plant and machinery in Suzhou, Shenzhen and Taiwan.

Trade and other payables decreased by S\$3.0 million in 1H 2011 due mainly to early payment to our major suppliers.

Borrowing under current and non current liabilities increased by S\$8.7 million in 1H 2011 compared with FY 2010 due mainly to the increase bank borrowings in Taiwan and increase finance lease in Suzhou.

## **Cash Flow Statement**

Cash flow deficit from operations of S\$3.3 million in 1H 2011 compared to S\$3.0 million in 1H 2010 due mainly to early settlement to major suppliers.

Cash flow deficit from investing of S\$0.3 million in 1H 2011 compare to S\$0.2 million in 1H 2010 due partly to the dividend payable in Project HK.

Cash flow surplus from financing of S\$2.9 million in 1H 2011 compare to S\$2.3 million in 1H 2010 due mainly to the increase in borrowing in Suzhou and Taiwan.

Overall the Group recorded a net decrease in cash and cash equivalent of S\$2.2 million in 1H 2011 compare to 1H 2010.

### **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**

The electronic component market remains soft and visibility is still low. If the trend of Asian currencies appreciating against US Dollars and high inflation in most of the countries the Group operates in continues, the Group's profit margin will be eroded.

The Group's manufacturing utilization rate is close to full, the business unit is putting more focus on industrial and power management clients. The incoming orders at the end of Q2 remain encouraging. The Group is also working with key suppliers for its manufacturing business closely to reduce cost and improve the lead time of raw materials.

The incoming orders at the end of Q2 for the Group's distribution business are low. Several key customers delayed launching of their new products to end of this year and the global consumer market is affected by the crisis in Europe & US, when the demand will pick up remains uncertain. The Group has repositioned itself and put more focus on the South East Asian market for its distribution business.

The Group will continue to review and dispose the non-core assets of the Group to improve its balance sheet and cash flow. The Group will also continue to identify and execute measures to reduce cost and improve efficiency.

### **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/recommended, a statement to that effect.**

No dividend has been recommended by the Directors for the first quarter ended 30 June 2011

**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

	Latest Full Year (2011)	Previous Full Year (2010)
Ordinary	-	-
Preference	-	-
Total:	-	-

**Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST.**

On behalf of the Board of Directors of the Company, we, Huang Shih An and Huang Chuang Shueh Ou, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the 1H 2011 financial statements for the financial period ended 30 June 2011 set out above to be false or misleading in any material aspect.

On behalf of the Board of Directors  
of Eurotronic Group Ltd

**Huang Shih An**  
Chairman  
4 August 2011

**Huang Chuang Shueh Ou**  
Vice Chairman