

First Quarter 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 31 March 2008. These figures have not been audited.

	Group		
	3 months ended	3 months ended	%
	31/03/2008	31/03/2007	Increase/ (Decrease)
(S\$'000)			
Total revenue	20,878	16,414	27.20
Cost of sales	(18,975)	(14,262)	33.05
Gross profit	1,903	2,152	(11.57)
Other operating income	1,258	890	41.35
Selling and distribution expenses	(926)	(722)	28.25
Administrative expenses	(1,501)	(1,492)	0.60
Share of results from an associate	70	-	NM
Finance costs	(649)	(396)	63.89
Profit/(loss) before taxation and minority interests	155	432	(64.12)
Taxation	(29)	(67)	(56.72)
Profit/(loss) after taxation and before minority interests	126	365	(65.48)
Attributable to:			
Shareholders of the company	146	377	(61.27)
Minority interest	(20)	(12)	66.67
	126	365	
Profit/(loss) for the financial years ended 31 March is arrived at after (charging)/crediting the following:			
	Group		
	3 months ended	3 months ended	%
	31/03/2008	31/03/2007	Increase/ (Decrease)
(S\$'000)			
Depreciation of property, plant and equipment	(853)	(855)	(0.23)
Foreign exchange gain, net	1,111	116	NM
Interest expenses	(649)	(396)	63.89
Interest income	7	6	16.67
Allowance for doubtful debts (Non-trade)	4	-	NM
Amortisation of intangible assets	(4)	(5)	(20.00)
Gain on disposal of property, plant and equipment	-	2	NM
Gain on disposal of investment securities	-	554	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

(S\$'000)	Group		Company	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
Non-current assets:				
Property, plant and equipment	38,560	39,596	12	13
Investments in associate	430	-	-	-
Investments in subsidiaries	-	-	42,404	45,224
Goodwill on consolidation	2,594	2,594	-	-
Intangible assets	767	806	-	-
Deferred taxation	185	202	-	-
Long-term investments	5,041	5,041	-	-
Total non-current assets	47,577	48,239	42,416	45,237
Current assets:				
Cash and bank balances	3,630	5,567	188	166
Trade receivables	25,175	25,300	-	-
Investment securities	3,606	4,894	2	4
Other receivables and prepayments	5,836	5,353	15,749	12,537
Inventories	21,173	20,419	-	-
Total current assets	59,420	61,533	15,939	12,707
Total assets	106,997	109,772	58,355	57,944
Current liabilities:				
Interest-bearing loans and borrowings	40,284	38,259	1,584	1,776
Trade payables	17,018	19,166	-	-
Other payables	2,720	3,396	5,951	5,188
Provision for taxation	187	421	68	68
Obligations under finance leases (current)	176	222	148	148
Total current liabilities	60,385	61,464	7,751	7,180
Net current assets	(965)	69	8,188	5,527
Non-current liabilities:				
Obligations under finance leases (non-current)	364	437	259	296
Deferred taxation	13	11	-	-
Long-term bank loans	4,345	4,617	-	-
Total non-current liabilities	4,722	5,065	259	296
Equity attributable to equity holders of the company				
Share capital	50,520	50,520	50,520	50,520
Treasury shares	(318)	(318)	(318)	(318)
Statutory reserves	2,451	2,428	-	-
Foreign currency translation reserves	(6,981)	(6,790)	-	-
Share option reserves	185	185	185	185
Fair value adjustment reserves	(4,613)	(3,326)	(3)	(3)
Revenue reserves	177	54	(39)	84
	41,421	42,753	50,345	50,468
Minority interest	469	490	-	-
Total equity	41,890	43,243	50,345	50,468
Total liabilities and equity	106,997	109,772	58,355	57,944

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

Amount repayable in one year or less, or on demand

As at 31/03/2008	As at 31/12/2007
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,301	35,159	5,581	32,900

Amount repayable after one year

As at 31/03/2008	As at 31/12/2007
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,709	Nil	5,054	Nil

Details of any collateral

The credit facilities of the subsidiaries are secured by the leasehold properties of Eurotronic (Singapore) Pte Ltd and Eurotronic Electronic (Shenzhen) Co., Ltd, and freehold properties of Eurotronic Taiwan Ind Corp and Housing Technology Corp respectively.

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	
	S\$'000	
	Group 3 months ended 31/03/2008	Group 3 months ended 31/03/2007
Cash flows from operating activities:		
Profit/(loss) before taxation	155	432
Adjustments for:		
Amortisation of intangible assets	4	5
Depreciation of property, plant and equipment	853	855
Interest income	(7)	(6)
Interest expense	649	396
Gain on disposal of property, plant and equipment	-	(76)
Gain on disposal of investment securities	-	(554)
Allowance for doubtful debts (non-trade)	(4)	-
Share of results from an associate	(70)	-
Net effect of exchange rate changes in consolidating subsidiaries	358	123
Operating cash flow before reinvestment in working capital	1,938	1,175
(Increase)/decrease in trade receivables	125	1,887
(Increase)/decrease in other receivables and prepayments	(479)	(776)
(Increase)/decrease in inventories	(754)	(476)
Increase/(decrease) in trade payables	(2,148)	(1,369)
Increase/(decrease) in other payables	(676)	(726)
Cash generated from operations	(1,994)	(285)
Interest paid	(649)	(396)
Interest received	7	6
Income tax paid	(246)	(105)
Net cash generated from/(used in) operating activities	(2,882)	(780)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(329)	(483)
Proceeds from disposal of investment securities	-	4,201
Investment in associate	(360)	-
Net cash generated from/(used in) investing activities	(689)	3,718
Cash flows of financing activities:		
(Repayments of)/proceeds from bank loans, net	1,753	(446)
Repayments of finance leases	(119)	(156)
Net cash (used in)/generated from financing activities	1,634	(602)
Net decrease in cash and cash equivalents	(1,937)	2,336
Cash and cash equivalents at beginning of financial year	5,567	6,750
Cash and cash equivalents at end of financial year	3,630	9,086
CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,629	9,085
Fixed deposits	1	1
	3,630	9,086

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 premium	Share option reserves	Statutory reserves	Foreign currency translation reserves	Fair value adjustment reserves	Revenue reserves	Total	Minority interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group											
Balance at 1 January 2007	50,520	-	-	185	2,264	(6,938)	2,191	47	48,269	418	48,687
Profit for the financial year	-	-	-	-	-	-	-	377	377	(12)	365
Transfer from revenue reserve to legal reserve	-	-	-	-	67	-	-	(67)	-	-	-
Fair value changes	-	-	-	-	-	-	(1,832)	-	(1,832)	-	(1,832)
Translation adjustments	-	-	-	-	-	(60)	-	-	(60)	-	(60)
Balance at 31 March 2007	50,520	-	-	185	2,331	(6,998)	359	357	46,754	406	47,160
Balance at 31 December 2007	50,520	(318)	-	185	2,428	(6,790)	(3,326)	54	42,753	490	43,243
Profit for the financial year	-	-	-	-	-	-	-	146	146	(20)	126
Transfer from revenue reserve to legal reserve	-	-	-	-	23	-	-	(23)	-	-	-
Fair value changes	-	-	-	-	-	-	(1,287)	-	(1,287)	-	(1,287)
Translation adjustment	-	-	-	-	-	(191)	-	-	(191)	(1)	(192)
Share buy-back	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2008	50,520	(318)	-	185	2,451	(6,981)	(4,613)	177	41,421	469	41,890
Company											
Balance at 1 January 2007	50,520	-	-	185	-	-	(1)	47	50,751	-	50,751
Loss for the financial year	-	-	-	-	-	-	-	(131)	(131)	-	(131)
Balance at 31 March 2007	50,520	-	-	185	-	-	(1)	(84)	50,620	-	50,620
Balance at 31 December 2007	50,520	(318)	-	185	-	-	(3)	84	50,468	-	50,468
Loss for the financial year	-	-	-	-	-	-	-	(123)	(123)	-	(123)
Fair value changes	-	-	-	-	-	-	-	-	-	-	-
Share buy-back	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2008	50,520	(318)	-	185	-	-	(3)	(39)	50,345	-	50,345

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 periods reported on.

Option granted under the Europtronic Employees' Share Option Scheme outstanding as at 31 March 2008 is 1,045,400 (31 March 2007: 1,267,400).

The Company had 2,500,000 shares is 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.

	3 months ended 31/03/2008	Year ended 31/12/2007
Number of issued shares	338,554,577	338,554,577
Less: Number of treasury shares	(2,500,000)	(2,500,000)
Number of issued shares excluding treasury shares	336,054,577	336,054,577

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.

	3 months ended 31/03/2008	Year ended 31/12/2007
Balance brought forward	2,500,000	-
Purchase of treasury shares	-	3,000,000
Transfer to Europtronic Performance Shares	-	(500,000)
Balance of treasury shares	2,500,000	2,500,000

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the most recent audited financial statements as at 31 December 2007.

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	
	31/03/2008	31/03/2007
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	0.04 cents	0.11 cents
(ii) On a fully diluted basis	0.04 cents	0.11 cents

- (i) EPS for quarter ended 31 March 2008 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 336,054,577 (31/03/2007 : 338,554,577) ordinary shares of S\$0.10 each.
- (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		
	31/03/08	31/12/07	Change	31/03/08	31/12/07	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	12.33 cents	12.72 cents	(3.07%)	14.98 Cents	15.02 cents	(0.27%)

Note:

NAV per ordinary share is computed based on number of shares in issue of 336,054,577 (31/12/2007 : 336,054,577) as at 31 March 2008.

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- 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

The Group's revenue in 1Q2008 increased from S\$16.4 million in 1Q2007 to S\$20.8 million. The increase in revenue was due largely to higher revenue generated from the distribution business. The revenue in the manufacturing business was maintained.

The decrease in the overall gross profit margin in 1Q2008 was attributable to an increase in raw material and labour cost as well as substantial increase in logistic cost, in particular, disruption of transportation caused by the snow storm in PRC.

Increase in selling and distribution expenses in 1Q2008 mainly contributed by higher volume of business travelling and cost associated with setup of India office. Finance costs increased as a result of higher interest rate for working capital in 1Q2008 compared to 1Q2007.

Profit before income tax decreased to S\$0.1 million in 1Q2008 due mainly to increase in raw material and higher finance costs.

Balance sheet

Lower cash and bank balances was due mainly to payments made to the suppliers in 1Q2008. These cash outflows had resulted in the decrease of trade payables and investment in associate as at 31 March 2008.

Bank loans increased by S\$1.6 million to S\$45.0 million due to higher utilisation of banking facilities to settle trade payable.

- 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 Group will continue to focus on its core business and positioned itself as a well-recognized and established manufacturer and distributor of active and passive components providing high quality capacitors, inductors and a wide range of other components to global brand Multinational Corporations.

To maintain the Group's competitive edge under the current fierce competitive economic environment, the Group will focus on the cost reduction measures, inventory control and in improving its production management and procurement efficiency. The Group will also focus its effort on product and process improvement as well as upgrading the existing older machines.

In view of steep increase in PRC labor and logistic cost, prices of oil and petroleum related products as well as increase in basic raw material prices such as steel, copper

and aluminum, the Group has strategized its selling effort in increasing its selling price to mitigate the impact on cost hike.

The Group is committed to a viable business model and operation that will steer Europtronic to remain competitive.

In addition to its core component business, the Group has acquired a 25% shareholding in a bio technology company in China via a capital injection of US\$250,000 in January 2008. The Group will continue to pursue its diversification into other profitable business ventures.

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/recommendeded, a statement to that effect.

No dividend has been recommended by the Directors for the first quarter ended 31 March 2008.

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 (2008)	Previous Full Year (2007)
Ordinary	-	-
Preference	-	-
Total:	-	-

Confirmation by the Board pursuant to Rule 705(4) 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 1Q2008 financial results for the financial period ended 31 March, 2008 set out above to be false or misleading in any material aspect.

On behalf of the Board of Directors
of Europtronic Group Ltd

Huang Shih An
Chairman
28 April 2008

Huang Chuang Shueh Ou
Vice Chairman