

[Print this page](#)SECOND QUARTER AND FIRST HALF YEAR * FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT** Asterisks denote mandatory information*

Name of Announcer * EUROPTRONIC GROUP LTD
Company Registration No. 200009775K
Announcement submitted on EUROPTRONIC GROUP LTD
behalf of
Announcement is submitted with EUROPTRONIC GROUP LTD
respect to *
Announcement is submitted by * Huang Shih-An
Designation * Executive Chairman
Date & Time of Broadcast 27-Jul-2009 20:28:51
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended * 30-06-2009

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儀普集團有限公司
EUROPTRONIC GROUP LTD
Co. Reg. No. 200009775K

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 second quarter and half year ended 30 June 2009. These figures have not been audited.

	Group			Group		
	6 months ended 30/06/2009	6 months ended 30/06/2008	% Increase/ (Decrease)	3 months ended 30/06/2009	3 months ended 30/06/2008	% Increase/ (Decrease)
(S\$'000)						
Total revenue	22,853	42,625	(46.39)	12,363	21,747	(43.15)
Cost of sales	(22,057)	(38,654)	(42.94)	(11,514)	(19,679)	(41.49)
Gross profit	796	3,971	(79.95)	849	2,068	(58.95)
Other operating income/(charges)	296	2,429	(87.81)	611	1,171	(47.82)
Selling and distribution expenses	(5,043)	(1,706)	NM	(4,407)	(780)	NM
Administrative expenses	(3,488)	(3,282)	6.28	(1,963)	(1,781)	10.22
Share of results from an associate	(81)	61	NM	(72)	(9)	NM
Finance costs	(1,047)	(1,208)	(13.33)	(474)	(559)	(15.21)
Profit/(loss) before taxation and minority interests	(8,567)	265	NM	(5,456)	110	NM
Taxation	(117)	(123)	(4.88)	(37)	(94)	(60.64)
Profit/(loss) after taxation and before minority interests	(8,684)	142	NM	(5,493)	16	NM
Attributable to:						
Shareholders of the company	(8,461)	196	NM	(5,348)	50	NM
Minority interest	(223)	(54)	NM	(145)	(34)	NM
	(8,684)	142		(5,493)	16	
Consolidated statement of comprehensive income:						
	Group			Group		
	6 months ended 30/06/2009	6 months ended 30/06/2008	% Increase/ (Decrease)	3 months ended 30/06/2009	3 months ended 30/06/2008	% Increase/ (Decrease)
(S\$'000)						
Profit / (Loss) for the period	(8,684)	142	NM	(5,493)	16	NM
Other comprehensive income:						
Fair value changes	514	(1,545)	NM	514	(258)	NM
Revaluation reserve	11,186	-	NM	11,186	-	NM
Translation adjustments	(1,371)	(255)	NM	(1,417)	(63)	NM
Total comprehensive income for the period	1,645	(1,658)	-	4,790	(305)	
Attributable to:						
Equity holders of the Company	1,873	(1,604)	NM	4,940	(272)	NM
Minority interest	(228)	(54)	NM	(150)	(33)	NM
Total comprehensive income for the period	1,645	(1,658)		4,790	(305)	
Profit/(loss) for the financial year ended 30 June is arrived at after (charging)/crediting the following:						
	Group			Group		
	6 months ended 30/06/2009	6 months ended 30/06/2008	% Increase/ (Decrease)			
(S\$'000)						
Depreciation of property, plant and equipment	(1,401)	(1,575)	(11.05)			
Foreign exchange gain/(loss), net	14	1,628	(99.14)			
Interest expenses	(1,047)	(1,208)	(13.33)			
Interest income	2	10	(80.00)			
Allowance for inventories obsolescence	(2,843)	-	NM			
Allowance for doubtful receivables (Trade)	(695)	-	NM			
Write back of allowance for impairment of doubtful receivables (Non-trade)	8	8	NM			
Amortisation of intangible assets	(13)	(12)	8.33			
Gain on disposal of property, plant and equipment	5	27	(81.48)			
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 (S\$'000)	Group		Company	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
Non-current assets:				
Property, plant and equipment	47,858	38,867	-	-
Investments in associated company	1,919	1,937	-	-
Investments in subsidiaries	-	-	44,826	45,224
Intangible assets	3,346	3,369	-	-
Deferred taxation	8	191	-	-
Financial assets, available-for-sale	5,041	5,041	-	-
Total non-current assets	58,172	49,405	44,826	45,224
Current assets:				
Cash and bank balances	4,992	3,698	809	237
Trade receivables	14,679	17,261	-	-
Financial assets, available-for-sale	1,546	1,031	1	1
Other receivables and prepayments	8,912	8,662	13,389	10,775
Biological assets	2	2	-	-
Inventories	13,167	17,581	-	-
Total current assets	43,298	48,235	14,199	11,013
Total assets	101,470	97,640	59,025	56,237
Current liabilities:				
Borrowings	39,299	45,762	781	1,641
Trade payables	9,234	10,532	-	-
Other payables	3,953	2,633	7,869	3,655
Provision for taxation	174	211	68	68
Total current liabilities	52,660	59,138	8,718	5,364
Net current assets / (current liabilities)	(9,362)	(10,903)	5,481	5,649
Non-current liabilities:				
Deferred taxation	11	11	-	-
Borrowings	11,777	3,189	74	148
Total non-current liabilities	11,788	3,200	74	148
Equity attributable to equity holders of the company				
Share capital	50,595	50,520	50,595	50,520
Treasury shares	(318)	(318)	(318)	(318)
Statutory reserves	1,760	2,027	-	-
Foreign currency translation reserves	(5,515)	(4,149)	-	-
Revaluation reserve	11,186	-	-	-
Share option reserves	185	185	185	185
Fair value adjustment reserves	(6,676)	(7,190)	(6)	(6)
Revenue reserves	(14,012)	(5,818)	(223)	344
	37,205	35,257	50,233	50,725
Minority interest	(183)	45	-	-
Total equity	37,922	35,302	50,233	50,725
Total liabilities and equity	101,470	97,640	59,025	56,237

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

Amount repayable in one year or less, or on demand

As at 30/06/2009	As at 31/12/2008
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,203	34,096	5,462	40,300

Amount repayable after one year

As at 30/06/2009	As at 31/12/2008
------------------	------------------

Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,777	Nil	3,189	Nil

Details of any collateral

The credit facilities of the subsidiaries are secured by the leasehold properties of Europronic (Singapore) Pte Ltd, UPT Crypson Component (Shanghai) Co., Ltd and Europronic Electronic (Shenzhen) Co., Ltd, and freehold properties of Europronic 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

Statement of Cash Flows	Group S\$'000 6 months ended 30/06/2009	Group S\$'000 6 months ended 30/06/2008	Group S\$'000 3 months ended 30/06/2009	Group S\$'000 3 months ended 30/06/2008
(S\$'000)				
Cash flows from operating activities:				
Profit/(loss) before taxation	(8,567)	265	(5,456)	110
Adjustments for:				
Amortisation of intangible assets	13	12	7	8
Depreciation of property, plant and equipment	1,401	1,575	693	722
Interest income	(2)	(10)	(1)	(3)
Interest expense	1,047	1,208	474	559
Gain on disposal of property, plant and equipment	(5)	(27)	-	(27)
Negative goodwill on acquisition of investment in associated company	(63)	-	-	-
Allowance for inventories obsolescence	2,843	-	2,841	-
Write back of allowance for impairment of doubtful receivables (Non-trade)	(8)	-	(4)	-
Share of results from an associated company	81	(61)	72	9
Net effect of exchange rate changes in consolidating subsidiaries	99	279	(80)	(79)
Operating cash flow before reinvestment in working capital	(3,161)	3,241	(1,454)	1,299
(Increase)/decrease in trade receivables	2,582	155	(262)	30
(Increase)/decrease in other receivables and prepayments	(59)	(600)	82	(121)
(Increase)/decrease in inventories	1,571	(574)	602	180
Increase/(decrease) in trade payables	(1,298)	(3,949)	288	(1,801)
Increase/(decrease) in other payables	1,320	996	1,782	1,672
Cash generated from operations	955	(731)	1,038	1,259
Interest paid	(1,047)	(1,208)	(474)	(559)
Interest received	2	10	1	3
Income tax paid	(154)	(432)	(54)	(186)
Net cash generated from/(used in) operating activities	(244)	(2,361)	511	517
Cash flows from investing activities:				
Purchase of property, plant and equipment	(596)	(1,085)	(393)	(752)
Proceeds from disposal of plant and equipment	9	-	9	-
Acquisition of associated company	-	(360)	-	-
Net cash generated from/(used in) investing activities	(587)	(1,445)	(384)	(752)
Cash flows of financing activities:				
(Repayments of)/proceeds from loans, net	2,170	1,244	2,337	(509)
Repayments of finance leases	(45)	(139)	(1)	(16)
Net cash (used in)/generated from financing activities	2,125	1,109	2,336	(525)
Net increase/(decrease) in cash and cash equivalents	1,294	(2,597)	2,463	(760)
Cash and cash equivalents at beginning of financial year	3,698	5,567	2,529	3,630
Cash and cash equivalents at end of financial year	4,992	2,970	4,992	2,870
CASH AND CASH EQUIVALENTS				
Cash and bank balances	4,697	2,869	4,697	2,869
Fixed deposits	295	1	295	1
	4,992	2,870	4,992	2,870

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	Revaluation reserves	Revenue reserves	Total	Minority Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group												
Balance at 1 April 2008	50,520	(318)	-	185	2,451	(6,981)	(4,613)	-	177	41,421	469	41,890
Changes in equity for the period:												
Total comprehensive income for the period	-	-	-	-	56	(64)	(258)	-	(6)	(272)	(33)	(305)
Balance at 30 June 2008	50,520	(318)	-	185	2,507	(7,045)	(4,871)	-	171	41,149	436	41,585
Balance at 31 March 2009	50,520	(318)	-	185	1,900	(4,103)	(7,190)	-	(8,804)	32,190	(33)	32,157
Changes in equity for the period:												
Share issued for the financial period	75	-	-	-	-	-	-	-	-	75	-	75
Total comprehensive income for the period	-	-	-	-	(140)	(1,412)	514	11,186	(5,208)	4,940	(150)	4,790
Balance at 30 June 2009	50,595	(318)	-	185	1,760	(5,515)	(6,676)	11,186	(14,012)	37,205	(183)	37,022
Company												
Balance at 1 April 2008	50,520	(318)	-	185	-	-	(3)	-	(39)	50,345	-	50,345
Changes in equity for the period:												
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(209)	(209)	-	(209)
Balance at 30 June 2008	50,520	(318)	-	185	-	-	(3)	-	(248)	50,136	-	50,136
Balance at 31 March 2009	50,520	(318)	-	185	-	-	(6)	-	180	50,561	-	50,561
Changes in equity for the period:												
Share issued for the financial period	75	-	-	-	-	-	-	-	-	75	-	75
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(403)	(403)	-	(403)
Balance at 30 June 2009	50,595	(318)	-	185	-	-	(6)	-	(223)	50,233	-	50,233

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 30 June 2009 is 861,800 (30 June 2008: 933,800).

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.

	Period ended 30/06/2009	Year ended 31/12/2008
Number of issued shares	338,554,577	338,554,577
Add: Number of issued new shares	1,500,000	-
Less: Number of treasury shares	(2,500,000)	(2,500,000)
Number of issued shares excluding treasury shares	337,554,577	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.

	Period ended 30/06/2009	Year ended 31/12/2008
Balance brought forward	2,500,000	2,500,000
Purchase of treasury shares	-	-
Transfer to Europronic Performance Shares	-	-
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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2008.

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 2009. 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.

The following are the new or amended FRS that are relevant to the Group:

FRS 1 (Revised)	Presentation of Financial Statements
FRS 108	Operating Segments

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	
	30/06/2009	30/06/2008
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	(2.52 cents)	0.06 cents
(ii) On a fully diluted basis	(2.52 cents)	0.06 cents

(i) EPS for quarter ended 30 June 2009 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 336,277,104 (30/06/2008 : 336,054,577) 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		
	30/06/09	31/12/08	Change	30/06/09	31/12/08	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	11.02 cents	10.49 cents	5.05%	14.88 Cents	15.09 cents	(1.39%)

Note:

NAV per ordinary share is computed based on number of shares in issue of 337,554,577 (31/12/2008 : 336,054,577) as at 30 June 2009.

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

Second quarter ended 30 June 2009 (2Q2009)

Compared to 2Q2008, the Group turnover decreased by S\$0.9 million to S\$12.4 million in 2Q2009 as a result of a decline in the distribution business volume. This decrease was due largely to the global economic downturn and market uncertainties.

The overall gross profit margin declined in 2Q2009, primarily due to lower capacity utilisation in the manufacturing business.

Other operating income reduced in 2Q2009 due to lower exchange gain. Finance costs decreased as a result of lower interest rate of banking facilities for working capital in 2Q2009 compared to 2Q2008.

Selling and distribution expenses increased by S\$3.6 million. This was due to a provision of S\$2.8 million made for inventory obsolescence and a provision for doubtful debts of S\$0.7 million.

Profit before income tax registered a negative figure of S\$5.5 million. This was substantially due to low capacity utilisation from all the factories in the Group as well as allowance for impairment of inventories and trade receivables.

First half year ended 30 June 2009 (1H2009)

Group's revenue decreased from S\$42.6 million in 1H2008 to S\$22.9 million in 1H2009. The decrease in revenue was due largely to lower revenue generated from the distribution business as well as the manufacturing business, owing to the global economic downturn and market uncertainties.

The overall gross profit margin in 1H2009 was lower. Gross profit margin for the manufacturing business declined due to lower capacity utilisation.

In 1H2009, other operating income decreased as a result of lower exchange gain. Selling and distribution expenses increased by S\$3.3 million. This was due to a provision of S\$2.8 million made for inventory obsolescence. Another S\$0.7 million was due to a provision for trade receivables. An increase in administrative expenses in 1H2009 was mainly due to legal and professional fees incurred.

Profit before income tax decreased to a negative figure of S\$8.7 million in 1H2009. This was substantially due to low capacity utilisation from all the factories in the Group as well as allowance for impairment of inventories and trade receivables.

Balance sheet

Due to the reduction in revenue and increased allowance for trade receivable, trade receivables decreased by S\$2.6 million from S\$17.3 million in 4Q2008 to S\$14.7 million in 1H2009.

Inventory went down from S\$17.6 million in 4Q2008 to S\$13.2 million in 1H2009 due to the Group's inventory clearance measures to reduce aging stocks and allowance for inventory obsolescence.

There was an increase in property, plant and equipment by S\$9.0 million due to a revaluation of properties.

Borrowings and cash & bank balances increased by S\$2.1 million and S\$1.3 million respectively. The net current liabilities improved by S\$1.5 million to S\$9.4 million due to partial conversion of short term borrowings to long term borrowings.

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

Despite a strong recovery in the global financial markets in the past few months, demand for electronic products and equipment remains relatively weak, with the exception of the China market. As a result, the demand for electronic components expanded at a slower rate than anticipated in 2Q2009.

The Group saw a 20% increase in both orders and shipments in 2Q2009 compared to the 1Q2009. While the market conditions are likely to remain challenging, the Group is optimistic this upward trend in orders and shipments will continue in the second half of 2009.

Going forward, the Group will focus on growing the distribution business, with a series of initiatives in place to accelerate this growth. They include: strengthening the sales, marketing and FAE (Field Application Engineer) teams, obtaining new franchises from reputable suppliers, as well as evaluating possible acquisition targets. For the Group's manufacturing operations, the focus will continue to be on productivity and yield improvement.

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 30 June 2009.

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 (2009)	Previous Full Year (2008)
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 2Q2009 and 1H2009 financial results for the financial period ended 30 June 2009 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
27 July 2009

Huang Chuang Shueh Ou
Vice Chairman

