

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	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Current assets:				
Cash	8,984	11,414	103	415
Trade receivables	24,212	28,729	-	-
Other receivables and prepayments	6,175	6,031	3,660	3,370
Inventories	24,944	22,585	-	-
Total current assets	64,315	68,759	3,763	3,785
Non-current assets:				
Property, plant and equipment	39,930	39,125	-	-
Investments in subsidiaries	-	-	41,277	58,154
Due from subsidiaries	-	-	17,383	-
Investment in an associate	24,322	22,326	-	-
Goodwill on consolidation	2,875	1,888	-	-
Intangible assets	823	873	-	-
Deferred income tax	229	51	-	-
Long-term investments	6,355	6,355	-	-
Total non-current assets	74,534	70,618	58,660	58,154
Total assets	138,849	139,377	62,423	61,939
Current liabilities:				
Interest-bearing loans and borrowings	40,257	38,347	-	-
Trade payables	16,472	18,497	-	-
Other payables	1,752	3,260	2,886	1,439
Provision for taxation	164	393	-	-
Obligations under finance leases	764	1,108	-	-
Total current liabilities	59,409	61,605	2,886	1,439
Non-current liabilities:				
Obligations under finance leases	438	592	-	-
Loan from a subsidiary	-	-	5,500	5,500
Long-term bank loans	5,562	4,291	-	-
Total non-current liabilities	6,000	4,883	5,500	5,500
Equity				
Share capital	50,520	51,193	50,520	51,193
Legal reserves	2,310	2,239	-	-
Foreign currency translation reserves	(6,435)	(4,220)	-	-
Share option reserves	185	185	185	185
Revenue reserves	26,481	23,492	3,332	3,622
	73,061	72,889	54,037	55,000
Minority interest	379	-	-	-
Total equity	73,440	72,889	54,037	55,000
Total liabilities and equity	138,849	139,377	62,423	61,939
Net current assets	4,906	7,154	877	2,346

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

Amount repayable in one year or less, or on demand

As at 30/6/2006	As at 31/12/2005
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,586	34,435	2,521	36,934

Amount repayable after one year

As at 30/6/2006	As at 31/12/2005
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,000	Nil	4,883	Nil

Details of any collateral

The credit facilities of the subsidiaries are secured by the leasehold properties of Europtronic (Singapore) Pte Ltd and Europtronic Electronic (Shenzhen) Co., Ltd, and freehold properties of Europtronic 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

(\$'000)	Group 6 months ended 30/06/2006	Group 6 months ended 30/06/2005 (restated)	Group 3 months ended 30/06/2006	Group 3 months ended 30/06/2005
Cash flows from operating activities:				
Profit before taxation	3,055	958	1,136	1,490
Adjustments for:				
Amortisation of intangible assets	26	-	26	-
Depreciation of property, plant and equipment	1,812	769	948	791
Interest income	(14)	(6)	(10)	-
Interest expense	951	260	604	(5)
Loss on disposal of property, plant and equipment	-	3	-	466
Share of results from an associate	(2,702)	(29)	(1,086)	(6)
Share of minority interests	48	-	20	-
Fair value of share options granted	-	88	-	-
Operating profit before working capital changes	3,176	2,043	1,638	2,736
Decrease/(Increase) in trade receivables	5,439	(2,941)	4,434	895
Decrease/(Increase) in other receivables and prepayments	(128)	275	(28)	(1,215)
Decrease/(Increase) in inventories	(1,723)	(1,963)	(2,388)	(1,072)
(Decrease)/Increase in trade payables	(2,845)	3,750	(2,171)	710
Decrease in other payables	(1,914)	(695)	(578)	(952)
Cash generated from operations	2,005	469	907	1,102
Interest paid	(951)	(260)	(604)	(466)
Interest received	14	6	10	5
Income tax paid	(272)	(207)	(147)	(140)
Net cash generated from operating activities	796	8	166	501
Cash flows from investing activities:				
Purchase of property, plant and equipment	(887)	(1,396)	(511)	(1,178)
Proceeds from disposal of plant and equipment	1,218	-	1,218	-
Acquisition of a subsidiary, net of cash acquired	(2,493)	-	-	-
Deposit to property, plant and equipment	-	(661)	-	-
Purchase of long-term investments	-	-	-	462
Dividend received from associate	-	-	-	768
Dividend paid	-	(1,313)	-	(3,423)
Net cash used in investing activities	(2,162)	(3,370)	707	(3,371)
Cash flows from financing activities:				
Proceeds from bank loans, net	1,651	3,469	806	6,237
Repayment of finance leases	(498)	(487)	(350)	(3)
Net cash generated from financing activities	1,153	2,982	456	6,234
Net effect of exchange rate changes in consolidating subsidiaries	(2,217)	(94)	(821)	569
Net decrease in cash and cash equivalents	(2,430)	(474)	508	3,933
Cash and cash equivalents at beginning of period	11,414	6,417	8,476	5,943
Cash and cash equivalents at end of period	8,984	5,943	8,984	9,876
CASH AND CASH EQUIVALENTS				
Cash and bank balances	8,984	6,128	8,984	9,875
Fixed deposits	-	-	-	1
Bank overdraft	-	(185)	-	-
	8,984	5,943	8,984	9,876

Note 1: Effect of acquisition of subsidiary

	S\$'000
Current assets	1,791
Non-current assets	2,948
Current liabilities	(1,247)
Non-current liabilities	(1,509)
Net assets acquired	1,983
Goodwill on acquisition	988
Minority interests	(444)
Purchase consideration	2,527
Net cash of subsidiaries acquired	(34)
Net cash outflow on acquisition of subsidiaries	2,493

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	Share premium	Legal reserves	Foreign currency translation reserves	Share option reserves	Proposed Dividend	Revenue reserves	Share buy back	Minority interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
As at 1 April 2005	34,231	16,888	1,836	(5,868)	185	3,423	18,181	-	-	68,876
Profit for the period	-	-	-	-	-	-	1,592	-	-	1,592
Transfer	-	-	119	-	-	-	(119)	-	-	-
Translation adjustment	-	-	-	1,359	-	-	-	-	-	1,359
Dividends paid	-	-	-	-	-	(3,423)	-	-	-	(3,423)
As at 30 June 2005	34,231	16,888	1,955	(4,509)	185	-	19,654	-	-	68,404
As at 1 April 2006	51,193	-	2,254	(5,934)	185	-	25,417	(135)	407	73,387
Profit for the period	-	-	-	-	-	-	1,120	-	(20)	1,100
Share buy back	-	-	-	-	-	-	-	(538)	-	538
Transfer	(673)	-	56	-	-	-	(56)	673	-	-
Translation adjustment	-	-	-	(501)	-	-	-	-	(8)	(509)
Balance at 30 June 2006	50,520	-	2,310	(6,435)	185	-	26,481	-	379	73,440
Company										
As at 1 April 2005	34,231	16,888	-	-	185	3,423	(4)	-	-	54,723
Loss for the period	-	-	-	-	-	-	(92)	-	-	(92)
Dividends paid	-	-	-	-	-	(3,423)	-	-	-	(3,423)
As at 30 June 2005	34,231	16,888	-	-	185	-	(96)	-	-	51,208
As at 1 April 2006	51,193	-	-	-	185	-	3,540	(135)	-	54,783
Loss for the period	-	-	-	-	-	-	(208)	-	-	(208)
Share buy back	-	-	-	-	-	-	-	(538)	-	(538)
Transfer	(673)	-	-	-	-	-	-	673	-	-
Balance at 30 June 2006	50,520	-	-	-	185	-	3,332	-	-	54,037

Note: The balance standing to the credit share premium account as of 30 January 2006 has been transferred to the share capital account in accordance with the Companies (Amendments) Act No. 21 of 2005.

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 capital

	30/6/2006	30/6/2005
	S\$'000	S\$'000
At beginning of period	34,231	34,231
Transfer of share premium to issued capital	16,962	-
Shares Buy back	(673)	-
At end of period	50,520	34,231

The balance standing to the credit share premium account as of 30 January 2006 has been transferred to the share capital account in accordance with the Companies (Amendments) Act No. 21 of 2005.

Option granted under the Eurotronic Share Option Scheme outstanding as at 30 June 2006 is 1,381,000 (30 June 2005: 1,693,600)

As at 30 June 2006, the Company had purchased the following number of Shares on the open market:

<u>Date</u>	<u>Number of Shares bought back</u>
24 March 2006	750,000
29 March 2006	1,000,000
30 March 2006	1,000,000
04 April 2006	<u>1,000,000</u>
Total	<u>3,750,000</u>

The aggregate of 3,750,000 Shares bought back to-date had been cancelled and total amount of S\$673,000 has been debited against share capital.

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 2005.

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 30/6/06	6 months ended 30/6/05
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	0.89 cents	0.73 cents
(ii) On a fully diluted basis	0.89 cents	0.73 cents

	Group	
	3 months ended 30/6/06	3 months ended 30/6/05
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	0.33 cents	0.46 cents
(ii) On a fully diluted basis	0.33 cents	0.46 cents

(i) EPS for the six months ended June 30 2006 on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 341,931,649 (30/6/2005 : 342,304,577) ordinary shares of S\$0.10 each.

(ii) EPS for the three months ended June 30 2006 on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 341,562,818 (30/6/2005 : 342,304,577) ordinary shares of S\$0.10 each.

(iii) There is no dilution in respect of the shares option outstanding for the end of both financial periods reported on.

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		
	30/6/06	31/12/05	Change	30/6/06	31/12/05	Change
Net asset value ("NAV") backing per ordinary share based on existing issued share capital as at the end of the period reported on	21.58 cents	21.29 cents	1.37%	15.96 cents	16.07 cents	(0.7%)

Note:

The NAV per ordinary share is computed based on number of shares in issue of 338,554,577 (31/12/2005 : 342,304,577) as at 30 June 2006.

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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

Second quarter

Compared to 2Q2005, Group turnover increased by S\$2.9 million to S\$20.5 million in 2Q2006 as a result of the increase in both distribution and manufacturing businesses.

The overall gross profit margin in 2Q2006 was lower. Gross profit margin for the manufacturing business was lower due to an increase in raw material and labour cost. The distribution business yielded a lower gross profit margin as a result of sales of high end products.

Selling and distribution expenses were maintained. Administrative expenses had decreased by S\$0.2m as a result of stringent cost control measures. However, this was offset by higher finance cost. Finance cost increased due to a higher utilization of banking facilities for working capital and higher interest rate compared to 2Q2005.

The share of results from associate, Eucon Holding Limited ("Eucon"), increased to S\$1.1 million in 2Q2006. This was due mainly to higher utilisation rates for the laser drilling segment in 2Q2006 which enjoyed better profit margins. In addition, the profit margin from the PCB segment improved as a result of larger customer orders secured.

Profit before income tax decreased to S\$1.1 million in 2Q2006. The reduction in profitability was due to lower gross profit and other operating income which was partially offset by lower administrative expenses and a higher share of results from Eucon.

First half year

The Group's revenue increased by S\$6.5 million to S\$42.1million in 1H2006. The increase in the distribution business was partially offset by the decrease in the manufacturing business.

The overall gross profit margin in 1H2006 was lower. Gross profit margin for the manufacturing business was lower due to an increase in raw material and labour cost. The distribution business yielded a lower gross profit margin as a result of sales of high end products.

The share of results from an associate, Eucon, has increased to S\$2.7 million in 1H2006. This was due mainly to higher utilisation rates for the laser drilling segment in 2Q2006 which enjoyed better profit margins. In addition, the profit margin from the PCB segment improved as a result of larger customer orders secured.

Profit before tax increased to S\$3.1 million in 1H2006. The increase in profitability was due to a higher share of results from Eucon and lower administrative expenses which was partially offset by lower gross profit, higher selling and distribution expenses and finance costs.

Balance Sheet

Inventories had increased to S\$24.9 million. The increase in inventories was due to the anticipated orders due for delivery in the second half of 2006. In addition, the higher stock levels were due to stock holding agreements with customers in order to provide delivery flexibility. The increase in inventories has also resulted in the increase in trade payables and trade financing as at 30 June 2006.

Trade receivables had decreased to S\$24.2 million. This was due to the Group's implementation of a stringent debt collection procedure and these efforts will continue in FY2006.

Bank loans rose to S\$45.8 million. This included a long term loan of S\$1.5 million from the Group's newly acquired subsidiary, Housing Technology Co., Ltd. In addition, the Group utilized more trade financing facilities for purchases of goods. This was in line with the increased revenue in 1H2006.

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 is actively working to broaden its customer base by targeting new market segments such as heavy duty equipment industry, renewable energy industry and other related industries.

The Group will continue to improve the internal processes for its core businesses to optimize its operational efficiency and improve Group performance. The Group has adopted several strategies, including the formulation of various marketing strategies to cater to customer requirements, the provision of a diversified product portfolio and the improvement of product and service quality.

Taking into account all of the above, the Directors expect the Group to remain profitable in FY2006.

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.

On 30 June 2006, the Directors of Europtronic Group Ltd (“**Europtronic**” or the “**Company**”) had announced that the Company proposed a distribution of dividend by way of a dividend in specie (the “**Distribution**”) of ordinary shares in the capital of Eucon Holding Limited (“**Eucon Shares**”) currently held by its wholly-owned subsidiary, Europtronic Investment Pte Ltd (“**Europtronic Investment**”) on the basis of 200 Eucon Shares for every 1,000 shares held in the capital of the Company (fractional entitlements to be disregarded).

The final number of Eucon Shares to be received by the shareholders of the Company (the “**Shareholders**”) under the Distribution (the “**Distribution Shares**”) will depend on the number of ordinary shares in the capital of Europtronic held by Shareholders as at a date to be determined by the Directors (the “**Books Closure Date**”).

Eucon Holding Limited (“**Eucon**”) is a public limited company which is listed on the Mainboard of the SGX-ST, and has an issued share capital comprising 570,000,000 ordinary shares. The Distribution Shares are part of the Company’s total shareholding of 153,540,000 in Eucon (which represents 26.94 per cent of the total issued share capital of Eucon). As at 30 June 2006, the open market value of all the shares in capital of Eucon held by Europtronic Investment amounted to S\$37.6 million.

The Distribution to all Shareholders will be effected by way of a dividend in specie, free of encumbrances and together with all rights attaching thereto on and from the date the Distribution is effected.

The Distribution is conditional upon, *inter alia*, the following:

- (1) the approval of the SGX-ST;
- (2) the approval of the Shareholders at an extraordinary general meeting (“**EGM**”) to be convened in respect of the Distribution; and
- (3) the completion of Europtronic Investment’s reduction of share capital under the procedure provided under section 78B of the Companies Act, Chapter 50 of Singapore, to return to the Company, from the capital of Europtronic Investment, ordinary shares in the capital of Eucon being capital in excess of the needs of Europtronic Investment.

A circular to Shareholders setting out, amongst other things, details of the Distribution and the notice convening the EGM will be dispatched to Shareholders in due course.

Notice of the Books Closure Date for purposes of determining the Shareholders’ entitlements under the Distribution will be given at a later date, after all necessary approvals have been obtained.

**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 (2006)	Previous Full Year (2005)
Ordinary	-	-
Preference	-	-
Total:	-	-

BY ORDER OF THE BOARD

Huang Shih-An
Chairman
8/8/2006