

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

These figures have not been audited.

	Group		
	Year	Year	%
	ended	ended	Increase/ (Decrease)
	31/03/2007	31/03/2006	
(S\$'000)			
Revenue	16,414	21,514	(23.71)
Cost of sales	(14,262)	(18,608)	(23.36)
Gross profit	2,152	2,906	(25.95)
Other operating income	890	413	NM
Selling and distribution expenses	(722)	(885)	(18.42)
Administrative expenses	(1,492)	(1,784)	(16.37)
Share of results from an associate	-	1,616	(100.00)
Finance costs	(396)	(347)	14.12
Profit before taxation	432	1,919	(77.49)
Taxation	(67)	(7)	NM
Profit for the period	365	1,912	(80.91)
Attributable to:			
Shareholders of the Company	377	1,940	(80.57)
Minority interest	(12)	(28)	(57.14)
	365	1,912	
Profit for the period ended 31 March 2007 is arrived at after (charging)/crediting the following:			
	Group		
	Year	Year	%
	ended	ended	Increase/ (Decrease)
	31/03/2007	31/03/2006	
(S\$'000)			
Depreciation of property, plant and equipment	(855)	(864)	(1.04)
Foreign exchange gain, net	116	364	(68.13)
Interest expenses	(396)	(347)	14.12
Interest income	6	4	50.00
Amortisation of intangible assets	(5)	(9)	(44.44)
Gain on disposal of property, plant and equipment	2	-	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	
	31/03/2007	31/12/2006	31/03/2007	31/12/2006
Current assets:				
Cash and bank balances	9,086	6,750	169	113
Trade receivables	20,647	22,534	-	-
Investment securities	10,391	15,884	6	6
Other receivables and prepayments	7,090	4,850	14,231	18,484
Inventories	15,450	14,974	-	-
Total current assets	62,664	64,992	14,406	18,603
Non-current assets:				
Property, plant and equipment	39,005	40,917	-	-
Investments in subsidiaries	-	-	41,675	41,675
Goodwill on consolidation	2,875	2,875	-	-
Intangible assets	797	819	-	-
Deferred taxation	210	252	-	-
Long-term investments	6,355	6,355	-	-
Total non-current assets	49,242	51,218	41,675	41,675
Total assets	111,906	116,210	56,081	60,278
Current liabilities:				
Interest-bearing loans and borrowings	46,405	46,599	1,500	1,500
Trade payables	9,891	11,260	-	-
Other payables	2,574	3,300	3,893	7,959
Provision for taxation	310	390	68	68
Obligations under finance leases	414	517	-	-
Total current liabilities	59,594	62,066	5,461	9,527
Non-current liabilities:				
Obligations under finance leases	167	220	-	-
Deferred taxation	18	18	-	-
Long-term bank loans	4,967	5,219	-	-
Total non-current liabilities	5,152	5,457	-	-
Equity				
Share capital	50,520	50,520	50,520	50,520
Legal reserves	2,331	2,264	-	-
Foreign currency translation reserves	(6,998)	(6,938)	-	-
Share option reserves	185	185	185	185
Fair value adjustment reserves	359	2,191	(1)	(1)
Revenue reserves	357	47	(84)	47
	46,754	48,269	50,620	50,751
Minority interest	406	418	-	-
Total equity	47,160	48,687	50,620	50,751
Total liabilities and equity	111,906	116,210	56,081	60,278
Net current assets	3,070	2,926	8,945	9,076

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

Amount repayable in one year or less, or on demand

As at 31/3/2007	As at 31/12/2006
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,146	40,244	6,287	40,829

Amount repayable after one year

As at 31/3/2007	As at 31/12/2006
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,134	Nil	5,439	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

(S\$'000)	Group 3 months ended 31/03/2007	Group 3 months ended 31/03/2006
Cash flows from operating activities:		
Profit before taxation	432	1,919
Adjustments for:		
Amortisation of intangible assets	5	-
Depreciation of property, plant and equipment	855	864
Interest income	(6)	(4)
Interest expense	396	347
Gain on disposal of property, plant and equipment	(76)	-
Gain on disposal of investment securities	(554)	-
Share of results from an associate	-	(1,616)
Share of minority interests	12	28
Operating profit before working capital changes	1,064	1,538
Decrease/(increase) in trade receivables	1,887	1,005
Increase in other receivables and prepayments	(776)	(100)
Decrease/(increase) in inventories	(476)	665
Decrease in trade payables	(1,369)	(674)
Decrease in other payables	(726)	(1,336)
Cash (used in)/generated from operations	(396)	1,098
Interest paid	(396)	(347)
Interest received	6	4
Income tax paid	(105)	(125)
Net cash (used in)/generated from operating activities	(891)	630
Cash flows from investing activities:		
Purchase of property, plant and equipment	(483)	(376)
Proceeds from disposal of investment securities	4,201	-
Acquisition of a subsidiary, net of cash acquired (Note 1)	-	(2,493)
Net cash (used in)/generated from investing activities	3,718	(2,869)
Cash flows from financing activities:		
Proceeds from bank loans, net	(446)	845
Repayment of finance leases	(156)	(148)
Net cash (used in)/generated from financing activities	(602)	697
Net effect of exchange rate changes in consolidating subsidiaries	35	(1,396)
Net (decrease)/increase in cash and cash equivalents	2,260	(2,938)
Cash and cash equivalents at beginning of period	6,750	11,414
Cash and cash equivalents at end of period	9,010	8,476
CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,085	8,476
Fixed deposits	1	-
	9,086	8,476

Note 1: Acquisition of a subsidiary, net of cash acquired:

	S\$'000
Current assets	1,791
Non-current assets	2,948
Current liabilities	(1,247)
Non-current liabilities	(1,509)
Fair values of net assets acquired	1,983
Goodwill on acquisition	988
Minority interest	(444)
Purchase consideration	2,527
Cash of subsidiary 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	Revenue reserves	Fair value adjustment reserves	Share buy back	Minority interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
Balance at 31 December 2005	34,231	16,962	2,239	(4,220)	185	23,492	-	-	-	72,889
Acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	444	444
Profit for the period	-	-	-	-	-	1,940	-	-	(28)	1,912
Transfers	16,962	(16,962)	15	-	-	(15)	-	-	-	-
Translation adjustment	-	-	-	(1,714)	-	-	-	-	(9)	(1,723)
Share buy back	-	-	-	-	-	-	-	(135)	-	(135)
Balance at 31 March 2006	51,193	-	2,254	(5,934)	185	25,417	-	(135)	407	73,387
Balance at 31 December 2006	50,520	-	2,264	(6,938)	185	47	2,191	-	418	48,687
Profit for the financial year	-	-	-	-	-	377	-	-	(12)	365
Transfer from revenue reserve to legal reserve	-	-	67	-	-	(67)	-	-	-	-
Fair value changes	-	-	-	-	-	-	(1,832)	-	-	(1,832)
Translation adjustments	-	-	-	(60)	-	-	-	-	-	(60)
Balance at 31 March 2007	50,520	-	2,331	(6,998)	185	357	359	-	406	47,160
Company										
Balance at 31 December 2005	34,231	16,962	-	-	185	3,622	-	-	-	55,000
Profit for the period	-	-	-	-	-	(82)	-	-	-	(82)
Transfer	16,962	(16,962)	-	-	-	-	-	-	-	-
Share buy back	-	-	-	-	-	-	-	(135)	-	(135)
Balance at 31 March 2006	51,193	-	-	-	185	3,540	-	(135)	-	54,783
Balance at 31 December 2006	50,520	-	-	-	185	47	(1)	-	-	50,751
Loss for the period	-	-	-	-	-	(131)	-	-	-	(131)
Balance at 31 March 2007	50,520	-	-	-	185	(84)	(1)	-	-	50,620

- 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 share capital

	31/3/2007	31/3/2006
	S\$'000	S\$'000
At beginning of period	33,855	34,231
Transfer of share premium to share capital	-	16,962
At end of period	33,855	51,193

Option granted under the Europtronic Share Option Scheme outstanding as at 31 March 2007 is 1,267,400 (31 March 2006: 1,540,600)

As at 31 March 2007, the Company had purchased 858,000 Europtronic Shares from the open market.

Subsequent to 31 March 2007, the Company had purchased 142,000 Europtronic Shares on the open market. The aggregate of 1,000,000 Europtronic Shares bought back to-date will be kept as Treasury Shares.

- 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 2006.

- 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	
	31/3/2007	31/3/2006
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	0.57 cents
(ii) On a fully diluted basis	0.11 cents	0.57 cents

- (i) EPS for quarter ended 31 March 2007 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 338,554,577 (31/3/2006 : 342,304,577) 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 issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group			Company		
	31/3/07	31/12/06	Change	31/3/07	31/12/06	Change
Net asset value ("NAV") backing per ordinary share based on existing issued share capital as at the end of the period reported on	13.84 cents	14.26 cents	(2.95%)	14.99 cents	14.99 cents	Nil

Note:

NAV per ordinary share is computed based on number of shares in issue of 337,696,577 (31/12/2006 : 338,554,577) as at 31 March 2007.

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 1Q2007 decreased from S\$21.5 million in 1Q2006 to S\$16.4 million. The decrease in revenue was due largely to lower revenue generated from the distribution business. The revenue in the manufacturing business was maintained.

The slight decrease in the overall gross profit margin in 1Q2007 was attributable to an increase in raw material and labour cost as well as non-optimized production level for the manufacturing business. This was partially offset by better gross profit margin in the distribution business.

The increase in other operating income in 1Q2007 was due mainly to the Group having recorded a gain of S\$0.6 million from the disposal of 22,886,000 Eucon Shares. In

addition, the disposal of the Group's two office units located in Taiwan recorded a gain on disposal of S\$0.1million

Lower selling and distribution expenses and administrative expenses in 1Q2007 were contributed by tighter cost control measures. Finance costs increased as a result of higher utilisation of banking facilities for working capital and higher interest rate in 1Q2007 compared to 1Q2006.

The Group disposed 11.84% of its shareholding in the issued share capital of Eucon Holding Limited ("Eucon") via the declaration and distribution of dividend-in-specie to shareholders of the Company in December 2006 (the "Disposal"). Prior to the Disposal, the Group owned 26.9% in Eucon and accounted this investment as an associate. Subsequent to the Disposal, the Group has designated its remaining shareholding in Eucon as investment securities and no longer accounted for share of result from Eucon.

Profit before income tax decreased to S\$0.4 million in 1Q2007 due mainly to the cessation of share of results from an associate and higher finance costs. This was partially offset by the increase in other operating income, lower selling and distribution expenses and administrative expenses.

Balance sheet

Higher cash and bank balances was due mainly to payments received from the customers in Q12007 and the disposal of 22,886,000 Eucon shares in February 2007. These cash inflows had resulted in the decrease of trade receivables and investment securities as at 31 March 2007.

Bank loans decreased marginally by S\$0.6million to S\$50.0 million due to repayment of trade financing facilities.

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 has 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.

The Group will continue to focus on the cost reduction measures, inventory control and improve its production and procurement efficiency. To improve its competitiveness – the Group is focusing its effort on product and process improvement.

The Group is working on the product approval with various key players in the lighting and energy industry and increase its sales and distribution networks. The Group will be tapping into the new markets like India. The Group is also exploring to setup a sales office in India by Q32007.

In addition, the Group book order on hand has improved.

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

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 2007

**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 (2007)	Previous Full Year (2006)
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 1Q2007 financial results for the financial period ended 31 March, 2007 set out above to be false or misleading.

On behalf of the Board of Directors
of Eurotronic Group Ltd

Huang Shih An
Chairman and CEO
27 April 2007

Huang Chuang Shueh Ou
Vice Chairman