

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

These figures have not been audited.

	Group			Group		
	Period ended 30/06/2007	Period ended 30/06/2006	% Increase/ (Decrease)	3 months ended 30/06/2007	3 months ended 30/06/2006	% Increase/ (Decrease)
(S\$'000)						
Revenue	38,395	42,050	(8.69)	21,981	20,536	7.04
Cost of sales	(32,199)	(36,181)	(11.01)	(17,937)	(17,573)	2.07
Gross profit	6,196	5,869	5.57	4,044	2,963	36.48
Other operating income	2,002	417	NM	1,112	4	NM
Selling and distribution expenses	(1,632)	(1,741)	(6.26)	(910)	(856)	6.31
Administrative expenses	(3,480)	(3,241)	7.37	(1,988)	(1,457)	36.44
Share of results from an associate	-	2,702	(100.00)	-	1,086	(100.00)
Finance costs	(1,595)	(951)	67.72	(1,199)	(604)	98.51
Profit before taxation	1,491	3,055	(51.19)	1,059	1,136	(6.78)
Taxation	(103)	(43)	NM	(36)	(36)	NM
Profit for the period	1,388	3,012	(53.92)	1,023	1,100	(7.00)
Attributable to:						
Shareholders of the Company	1,389	3,060	(54.61)	1,012	1,120	(9.64)
Minority interest	(1)	(48)	(97.92)	11	(20)	NM
	1,388	3,012		1,023	1,100	

Profit for the period ended 30 June 2007 is arrived at after (charging)/crediting the following:

	Group		
	Period ended 30/06/2007	Period ended 30/06/2006	% Increase/ (Decrease)
(S\$'000)			
Dividend income	257	-	NM
Depreciation of property, plant and equipment	(1,685)	(1,812)	(7.01)
Foreign exchange gain, net	438	288	52.08
Interest expenses	(1,595)	(951)	67.72
Interest income	47	14	NM
Allowance for doubtful debts (Non trade)	76	-	NM
Amortisation of intangible assets	(11)	(26)	(57.69)
Gain on disposal of property, plant and equipment	293	-	NM
Gain on disposal of investment securities	772	-	NM
Sales of non green inventories	930	-	NM
Share of results from an associate	-	2,702	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	
	30/06/2007	31/12/2006	30/06/2007	31/12/2006
Current assets:				
Cash and bank balances	4,408	6,750	218	113
Trade receivables	25,188	22,534	-	-
Investment securities	8,242	15,884	5	6
Other receivables and prepayments	6,941	4,850	12,867	18,484
Inventories	18,481	14,974	-	-
Total current assets	63,260	64,992	13,090	18,603
Non-current assets:				
Property, plant and equipment	38,757	40,917	-	-
Investments in subsidiaries	-	-	42,404	41,675
Goodwill on consolidation	2,875	2,875	-	-
Intangible assets	791	819	-	-
Deferred taxation	210	252	-	-
Long-term investments	5,041	6,355	-	-
Total non-current assets	47,674	51,218	42,404	41,675
Total assets	110,934	116,210	55,494	60,278
Current liabilities:				
Interest-bearing loans and borrowings	41,486	46,599	2,112	1,500
Trade payables	14,081	11,260	-	-
Other payables	2,613	3,300	3,498	7,959
Provision for taxation	304	390	68	68
Obligations under finance leases	273	517	-	-
Total current liabilities	58,757	62,066	5,678	9,527
Non-current liabilities:				
Obligations under finance leases	155	220	-	-
Deferred taxation	18	18	-	-
Long-term bank loans	4,490	5,219	-	-
Total non-current liabilities	4,663	5,457	-	-
Equity				
Share capital	50,520	50,520	50,520	50,520
Treasury shares	(376)	-	(376)	-
Legal reserves	2,533	2,264	-	-
Foreign currency translation reserves	(6,976)	(6,938)	-	-
Share option reserves	185	185	185	185
Fair value adjustment reserves	44	2,191	(1)	(1)
Revenue reserves/(accumulated losses)	1,167	47	(512)	47
	47,097	48,269	49,816	50,751
Minority interest	417	418	-	-
Total equity	47,514	48,687	49,816	50,751
Total liabilities and equity	110,934	116,210	55,494	60,278
Net current assets	4,503	2,926	7,412	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 30/6/2007	As at 31/12/2006
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,890	35,439	6,287	40,829

Amount repayable after one year

As at 30/6/2007	As at 31/12/2006
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,645	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

	Group 6 months ended 30/06/2007	Group 6 months ended 30/06/2006	Group 3 months ended 30/06/2007	Group 3 months ended 30/06/2006
(\$S'000)				
Cash flows from operating activities:				
Profit before taxation	1,491	3,055	1,059	1,136
Adjustments for:				
Amortisation of intangible assets	11	26	6	26
Depreciation of property, plant and equipment	1,685	1,812	830	948
Interest income	(47)	(14)	(41)	(10)
Interest expense	1,595	951	1,199	604
Dividend income	(257)	-	(257)	-
Gain on disposal of property, plant and equipment	(293)	-	(217)	-
Gain on disposal of investment securities	(772)	-	(218)	-
Share of results from an associate	-	(2,702)	-	(1,086)
Operating profit before working capital changes	3,413	3,128	2,361	1,618
(Increase)/decrease in trade receivables	(2,654)	5,439	(4,541)	4,434
Increase in other receivables and prepayments	(1,371)	(128)	(595)	(28)
Increase in inventories	(3,507)	(1,723)	(3,031)	(2,388)
Increase/(decrease) in trade payables	2,821	(2,845)	4,190	(2,171)
(Decrease)/increase in other payables	(687)	(1,914)	39	(578)
Cash (used in)/generated from operations	(1,985)	1,957	(1,577)	887
Interest paid	(1,595)	(951)	(1,199)	(604)
Interest received	47	14	41	10
Income tax paid	(147)	(272)	(42)	(147)
Net cash (used in)/generated from operating activities	(3,680)	748	(2,777)	146
Cash flows from investing activities:				
Purchase of property, plant and equipment	(2,195)	(887)	(1,712)	(511)
Proceeds from disposal of plant and equipment	2,243	1,218	2,243	1,218
Proceeds from disposal of investment securities	6,244	-	2,043	-
Proceed from disposal of convertible bond	1,233	-	1,233	-
Dividend received	257	-	257	-
Acquisition of a subsidiary, net of cash acquired (Note 1)	-	(2,493)	-	-
Net cash generated/(used in) from investing activities	7,782	(2,162)	4,064	707
Cash flows from financing activities:				
(Repayments)/proceeds from bank loans, net	(5,842)	1,651	(5,396)	806
Repayment of finance leases	(309)	(498)	(153)	(350)
Net cash (used in)/generated from financing activities	(6,151)	1,153	(5,549)	456
Net effect of exchange rate changes in consolidating subsidiaries	(293)	(2,169)	(416)	(801)
Net decrease in cash and cash equivalents	(2,342)	(2,430)	(4,678)	508
Cash and cash equivalents at beginning of period	6,750	11,414	9,086	8,476
Cash and cash equivalents at end of period	4,408	8,984	4,408	8,984
CASH AND CASH EQUIVALENTS				
Cash and bank balances	4,407	8,984	4,407	8,984
Fixed deposits	1	-	1	-
	4,408	8,984	4,408	8,984

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 1 April 2006	51,193	-	2,254	(5,934)	185	25,417	-	(135)	407.00	73,387
Profit for the period	-	-	-	-	-	1,120	-	-	(20)	1,100
Transfers	(673)	-	56	-	-	(56)	-	673	-	-
Translation adjustment	-	-	-	(501)	-	-	-	-	(8)	(509)
Share buy back	-	-	-	-	-	-	-	(538)	-	(538)
Balance at 30 June 2006	50,520	-	2,310	(6,435)	185	26,481	-	-	379	73,440
Balance at 1 April 2007	50,520	-	2,331	(6,998)	185	357	359	-	406	47,160
Profit for the financial year	-	-	-	-	-	1,012	-	-	11	1,023
Transfer from revenue reserve to legal reserve	-	-	202	-	-	(202)	-	-	-	-
Fair value changes	-	-	-	-	-	-	(315)	-	-	(315)
Translation adjustments	-	-	-	22	-	-	-	-	-	22
Share buy back	-	-	-	-	-	-	-	(376)	-	(376)
Balance at 30 June 2007	50,520	-	2,533	(6,976)	185	1,167	44	(376)	417	47,514
Company										
Balance at 1 April 2006	51,193	-	-	-	185	3,540	-	(135)	-	54,783
Loss for the period	-	-	-	-	-	(208)	-	-	-	(208)
Transfer	(673)	-	-	-	-	-	-	673	-	-
Share buy back	-	-	-	-	-	-	-	(538)	-	(538)
Balance at 30 June 2006	50,520	-	-	-	185	3,332	-	-	-	54,037
Balance at 1 April 2007	50,520	-	-	-	185	(84)	(1)	-	-	50,620
Loss for the period	-	-	-	-	-	(428)	-	-	-	(428)
Share buy back	-	-	-	-	-	-	-	(376)	-	(376)
Balance at 30 June 2007	50,520	-	-	-	185	(512)	(1)	(376)	-	49,816

- 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

	30/6/2007	30/6/2006
	S\$'000	S\$'000
At beginning of period	50,520	34,231
Transfer of share premium to share capital	-	16,962
Share buy back	-	(673)
At end of period	50,520	50,520

Option granted under the Europtronic Share Option Scheme outstanding as at 30 June 2007 is 1,067,000 (30 June 2006: 1,381,000)

As at 30 June 2007, the Company had purchased the following number of Shares on the open market:

<u>Date</u>	<u>Number of Shares bought back</u>
15 May 2007	900,000
16 May 2007	50,000
17 May 2007	300,000
21 May 2007	386,000
22 May 2007	364,000
Total	2,000,000

The aggregate of 2,000,000 Europtronic Shares bought back to-date were 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	
	6 months ended 30/6/2007	6 months ended 30/6/2006
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	0.41 cents	0.89 cents
(ii) On a fully diluted basis	0.41 cents	0.89 cents

	Group	
	3 months ended 30/6/2007	3 months ended 30/6/2006
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	0.30 cents	0.33 cents
(ii) On a fully diluted basis	0.30 cents	0.33 cents

(i) EPS for the six months ended 30 June 2007 on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 337,558,986 (30/6/2006 : 341,931,649) ordinary shares of S\$0.10 each.

(ii) EPS for the three months ended 30 June 2007 on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 336,574,335 (30/6/2006 : 341,562,818) 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		
	30/6/07	31/12/06	Change	30/6/07	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	14.05 cents	14.26 cents	(0.56%)	14.86 cents	14.99 cents	(0.87%)

Note:

NAV per ordinary share is computed based on number of shares in issue of 335,554,577 (31/12/2006 : 338,554,577) as at 30 June 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

Second quarter

Compared to 2Q2006, Group turnover increased by S\$1.4 million to S\$22.0 million in 2Q2007 as a result of the increase in both distribution and manufacturing businesses.

The overall gross profit margin in 2Q2007 was higher. Gross profit margin for the manufacturing business was lower due to increase in raw material cost.

The increase in other operating income in 2Q2007 was due mainly to the Group having recorded a gain of S\$0.2 million from the disposal of 11,461,000 Eucon Holding Limited ("Eucon") Shares. In addition, the disposal of the Group's two office units located in Hong Kong recorded a gain on disposal of S\$0.2million.

Higher administrative expenses in 2Q2007 were caused by an increase in professional expenses. Finance costs increased as a result of higher utilisation of banking facilities for working capital and higher interest rate in 2Q2007 compared to 2Q2006.

Profit before tax decreased to S\$1.0 million in 2Q2007. The decrease in profitability was due to a higher administrative expenses and finance costs. The absence of profit from associate was offset partially by other operating income describe above.

First half year

The Group's revenue decreased by S\$3.6 million to S\$38.3 million in 1H2007. The increase in the manufacturing business was partially offset by the decrease in the distribution business.

The overall gross profit margin in 1H2007 was higher. Gross profit margin for the manufacturing business was lower due to increase in labour and raw material cost.

Other operating income in 1H2007 increased due mainly to the Group having recorded a gain of S\$0.8 million from the disposal of 34,347,000 Eucon Shares. In addition, the disposal of the Group's four office units, two units located in Taiwan and another two units located in Hong Kong resulted in a gain on disposal of S\$0.3 million.

Lower selling and distribution expenses in 1H2007 were contributed by tighter cost control measures. Higher administrative expenses in 1H2007 were caused and an increase in professional expenses. Finance costs increased as a result of higher interest rate in 1H2007 compared to 1H2006.

Profit before tax decreased to S\$1.5 million in 1H2007. The decrease in profitability was due to higher administrative expenses and finance costs. The absence of profit from associate was offset partially by other operating income.

Balance sheet

Inventories increased to S\$18.4 million. The increase in inventories was due to the anticipated orders due for delivery in the second half of 2007. 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 as at 30 June 2007.

Cash and bank balances decreased to S\$4.4 million due to repayment of bank borrowing. The gearing have improved slightly from 1.09 in FY2006 to 0.98 in 2Q2007.

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 would increase its sales and distribution networks. An India sales office was set up in August 2007 to better serve the customers located in India and explore business opportunities. The Group expects the India sales office to contribute new businesses and to the performance of the Group in the second half of 2007.

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 half ended 30 June 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 2Q2007 and 1H2007 financial results for the financial period ended 30 June, 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
11 August 2007

Huang Chuang Shueh Ou
Vice Chairman