

Full 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.

INCOME STATEMENT FOR THE YEAR ENDED 31 December 2004			
	2004	Group 2003	% Increase/ (Decrease)
(S\$'000)			
Revenue	70,142	50,737	38.25
Cost of Sales	(54,923)	(35,436)	54.99
Gross Profit	15,219	15,301	(0.54)
Other operating income	842	406	NM
Gain on dilution / disposal of associate	4,580	123	NM
Selling and distribution costs	(2,763)	(2,240)	23.35
Administrative expenses	(7,494)	(6,323)	18.52
Profit from operations	10,384	7,267	42.89
Finance costs	(1,293)	(916)	41.16
Profit before income tax	9,091	6,351	43.14
Share of results from associates	3,710	4,164	(10.90)
Net Income	12,801	10,515	21.74
Income tax expense	(972)	(258)	NM
Profit attributable to the shareholders	11,829	10,257	15.33
Profit after income tax is arrived at after (charging)/crediting the followings:			
	2004	Group 2003	% Increase/ (Decrease)
(S\$'000)			
Allowances for doubtful debts - Trade receivables	(180)	(251)	(28.29)
Amortisation of goodwill, net	107	142	(24.65)
Depreciation	(2,915)	(2,892)	0.80
Foreign exchange gain (net)	359	13	NM
Gain on disposal of associate	1,508	123	NM
Gain on disposal of plant and equipment	65	123	(47.15)
Gain on dilution of interests in associate	3,072	-	NM
Interest Expenses	(1,293)	(916)	41.16
Interest Income	8	9	(11.11)
Underprovision of tax in respect of prior years (net)	(1)	-	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**

CONSOLIDATED BALANCE SHEET				
AS AT 31 December 2004				
	Group		Company	
(S\$'000)	2004	2003	2004	2003
ASSETS				
Current assets:				
Cash	6,586	6,042	55	32
Trade receivables	27,859	24,646	-	-
Other receivables and prepayments	3,396	3,625	2,697	1,345
Inventories	17,145	16,766	-	-
Total current assets	54,986	51,079	2,752	1,377
Non-current assets:				
Property, plant and equipment	36,605	34,336	-	-
Investment in subsidiaries	-	-	40,776	40,776
Due from subsidiaries	-	-	17,291	18,292
Investment in associates	19,013	17,664	-	-
Goodwill on consolidation	1,888	1,998	-	-
Negative goodwill on consolidation	(1,628)	(1,845)	-	-
Patents	22	-	-	-
Other investments	7,104	5,855	-	-
Total non-current assets	63,004	58,008	58,067	59,068
Total assets	117,990	109,087	60,819	60,445
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	22,271	18,921	-	680
Trade payables	13,942	12,328	-	-
Other payables	3,249	2,900	6,048	6,460
Income tax payable	217	218	-	-
Obligations under finance leases	2,100	1,800	-	-
Total current liabilities	41,779	36,167	6,048	7,140
Non-current liabilities:				
Obligations under finance leases	1,559	2,557	-	-
Long-term bank loans	8,631	6,823	-	-
Deferred income tax	48	69	-	-
Total non-current liabilities	10,238	9,449	-	-
Shareholders' equity	65,973	63,471	54,771	53,305
Total liabilities and equity	117,990	109,087	60,819	60,445
Net current assets / (liabilities)	13,207	14,912	(3,296)	(5,763)

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

Amount repayable in one year or less, or on demand

As at 31/12/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
24,371	Nil	20,041	680

Amount repayable after one year

As at 31/12/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,190	Nil	9,380	Nil

Details of any collateral

The credit facilities of the subsidiaries are secured by the followings:

- Leasehold properties of Europronic (Singapore) Pte Ltd, Europronic Electronic (Shenzhen) Co., Ltd, and Europronic Taiwan Ind Corp;
- Plant and equipment with a net book value of S\$6,839,000 (2003: S\$5,979,000) is purchased under finance lease.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED CASH FLOW STATEMENT		
YEAR ENDED 31 December 2004		
(S\$'000)	2004	2003
Cash flows from operating activities:		
Profit before share of results of associates	9,091	6,351
Adjustments for:		
Amortisation of goodwill	(107)	(142)
Gain on dilution of interests in associate	(3,072)	-
Depreciation expense	2,915	2,892
Interest income	(8)	(9)
Interest expense	1,293	916
Gain on disposal of associate	(1,508)	(123)
Gain on disposal of plant and equipment	(65)	(123)
Operating profit before working capital changes	8,539	9,762
Trade receivables	(3,213)	(7,647)
Other receivables and prepayments	886	2,561
Inventories	(379)	(2,924)
Trade payables	1,614	1,366
Other payables	349	205
Cash generated from operations	7,796	3,323
Interest paid	(1,293)	(916)
Interest received	8	9
Income tax	(294)	(258)
Net cash from operating activities	6,217	2,158
Cash flows from investing activities:		
Acquisition of patents	(22)	-
Purchase of property, plant and equipment	(5,610)	(2,398)
Deposits to purchase property, plant and equipment	(619)	(1,314)
Investments in associate	-	(2,183)
Proceeds from sale of shares in associate	4,261	-
Dividend received from associate	1,347	-
Proceeds from sale of plant and equipment	451	847
Other investments	11	(464)
Increase in convertible bonds	(1,260)	-
Net cash used in investing activities	(1,441)	(5,512)
Cash flows from financing activities:		
Proceeds from issuing shares	339	-
Increase (Decrease) in short term loans	3,181	(1,122)
Repayment of finance leases	(2,072)	(942)
Increase in long term bank loans	1,808	10,191
Payment of dividend	(6,845)	(1,313)
Payment of unsecured loan payable to director	-	(2,948)
Net cash (used in) from financing activities	(3,589)	3,866
Net effect of exchange rate changes in consolidating subsidiaries	(812)	754
Net increase in cash	375	1,266
Net cash of subsidiaries acquired	-	(201)
Cash at beginning of year	6,042	4,977
Cash at end of year	6,417	6,042

<u>Cash comprise of:</u>			
Cash and bank balances		6,586	6,042
Bank overdraft		(169)	-
		6,417	6,042

Effect of acquisition of subsidiaries		
	<u>2004</u> \$'000	<u>2003</u> \$'000
Current assets	-	4,285
Non-current assets	-	11
Current liabilities	-	(3,558)
Non-current liabilities	-	-
Net assets acquired	-	738
Goodwill on acquisition	-	860
Less: Share issued	-	(1,579)
Net cash of subsidiary acquired	-	(220)
Net cash acquired	-	(201)

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

	Issued capital	Share premium	Legal reserve	Translation reserve	Proposed dividend	Accumulated profits (losses)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
Balance at 1 January 2003	28,055	21,146	556	(2,943)	1,313	5,196	53,323
Issued of shares on acquisition of subsidiary less share issue expense	368	1,211	-	-	-	-	1,579
Profit for the year	-	-	-	-	-	10,257	10,257
Proposed dividend	-	-	-	-	1,705	(1,705)	-
Transfer	-	-	668	-	-	(668)	-
Translation adjustment	-	-	-	(375)	-	-	(375)
Dividends paid	-	-	-	-	(1,313)	-	(1,313)
Balance at 31 December 2003	28,423	22,357	1,224	(3,318)	1,705	13,080	63,471
Dividend paid	-	-	-	-	(1,705)	(5,140)	(6,845)
Bonus issue	5,703	(5,703)	-	-	-	-	-
Issue of shares upon Exercise at Employee Share Options	105	234	-	-	-	-	339
Translation adjustment	-	-	-	(2,821)	-	-	(2,821)
Transfer	-	-	530	-	-	(530)	-
Profit for the year	-	-	-	-	-	11,829	11,829
Proposed Dividend	-	-	-	-	3,423	(3,423)	-
Balance at 31 December 2004	34,231	16,888	1,754	(6,139)	3,423	15,816	65,973

Company							
Balance at 1 January 2003	28,055	21,146	-	-	1,313	99	50,613
Issued of shares on acquisition of subsidiary less share issue expense	368	1,211	-	-	-	-	1,579
Profit for the year	-	-	-	-	-	2,426	2,426
Proposed dividend	-	-	-	-	1,705	(1,705)	-
Dividends paid	-	-	-	-	(1,313)	-	(1,313)
Balance at 31 December 2003	28,423	22,357	-	-	1,705	820	53,305
Dividend paid	-	-	-	-	(1,705)	(5,140)	(6,845)
Bonus issue	5,703	(5,703)	-	-	-	-	-
Issue of shares upon Exercise at Employee Share Options	105	234	-	-	-	-	339
Profit for the year	-	-	-	-	-	7,972	7,972
Proposed dividend	-	-	-	-	3,423	(3,423)	-
Balance at 31 December 2004	34,231	16,888	-	-	3,423	229	54,771

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 share capital

	31/12/2004	31/12/2003
At beginning of year	284,226,150	280,548,150
Share issue:		
- Bonus issue	57,025,427	-
- New shares issued under Employees' Share Option Scheme ('ESOS')	1,053,000	-
- Issue of shares on acquisition of subsidiary	-	3,678,000
At end of year	<u>342,304,577</u>	<u>284,226,150</u>

Option granted under the Europtronic Share Option Scheme outstanding as at December 31, 2004 is 2,011,600 (December 31, 2003: 3,331,200 as adjusted for bonus issue)

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

Same accounting policies and methods of computation are followed in the financial statements as compared with the most recent audited financial statements as at 31 December 2003.

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

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

(ii) On a fully diluted basis

Group	
2004	2003
3.46 cents	3.05 cents
3.46 cents	3.04 cents

(i) EPS for year ended December 31, 2004 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 341,944,040 (31/12/2003 : 337,274,475 as adjusted for bonus issue) ordinary shares of S\$0.10 each.

(ii) There is no dilution in respect of the shares option outstanding as at December 31, 2004.

Fully diluted EPS for year ended December 31, 2003 is calculated on 337,956,769 ordinary shares assuming all the full exercise of employees' share option outstanding during the year and adjusting the number of ordinary shares in issue to reflect the effect of all potentially dilutive ordinary shares.

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		
	31/12/04	31/12/03	Change	31/12/04	31/12/03	Change
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	19.23 cents	18.56 cents	3.7%	16.00 cents	15.62cents	2.4%

Note:

The NTA per ordinary share is based on 342,304,577 (31/12/2003 : 341,071,380, as adjusted for bonus issue) ordinary shares of S\$0.10 each at the end of period.

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

Despite the market competition becoming more intense, the Group has succeeded in achieving another year of growth in revenue. Through the Group's continued efforts on product, customer, and market diversification, it has successfully increased its presence and secured new customers in the telecommunication and consumer electronics markets in FY2004. This has stimulated demand for our products in all key markets, and such efforts will continue in FY2005.

The Group's revenue increased by S\$19.4 million from S\$50.7million in FY2003 to S\$70.1 million in FY2004. This increase was due to higher revenue generated from both the distribution and manufacturing businesses, which increased by S\$14.6 million and S\$4.8 million, respectively. The overall gross profit margin in FY2004 was lower. Gross profit margin for the manufacturing business was lower due to increase in raw material cost. The distribution business enjoyed lower gross profit margin from distribution of active components.

The share of results from associate, Eucon Holding Limited ("Eucon"), decreased to S\$3.7 million in FY2004. This was due mainly to startup costs in PCB manufacturing activities, which only commenced operation during the past year. In addition, it has also recorded a foreign exchange loss of S\$0.8 million compared with a foreign exchange gain of S\$0.05 million in FY2003.

In addition, the Group's effective interest in Eucon had been reduced from 39.9% to 26.9% from September 2004 onwards as a result of (i) the sale of vendor shares, and (ii) the dilutive effect from issuance of new shares during the Initial Public Offer exercise.

The Group has recorded a gain on dilution/disposal of associate of S\$4.6 million. This sum comprises S\$1.5 million for the sale of vendor shares and a one-off gain of S\$3.1 million as a result of the dilution effect which arose during the Initial Public Offer exercise.

Corresponding to an increase in revenue and customer base, the selling and distribution costs and administrative expenses also rose as more resources were utilized to bring in new business, new customers and expand market share.

Overall, profit before income tax increased by S\$2.7 million to S\$9.1 million in FY2004.

Income tax expense increased to S\$1.0 million in FY2004. This was mainly due to the increase in share of tax from Eucon.

Balance sheet

In line with the Group's expansion plans, property, plant and equipment has shown an increase of \$7.0 million due mainly to the acquisition of new production facilities at our Suzhou plant and the purchase of an office unit in Taiwan. These acquisitions are mainly financed through bank borrowing and finance lease arrangement.

Trade receivables have increased by S\$3.2 million. However, the average debtors' turnover has decreased to 137 days. This is mainly attributable to an increase in revenue from distribution business, which has traditionally enjoyed shorter credit terms. In addition, the Group was more stringent in its debt collection throughout the year.

Eurotronic Investment Pte Ltd, a wholly-owned subsidiary, entered into a conditional convertible bond agreement of \$1,260,000 with Greatland Group Pte Ltd ("Greatland") and Greatland's controlling shareholder, Mr. Kung Jung-Chung. This agreement was completed on May 12, 2004, and funded by internal source of funds.

Bank loans rose to S\$22.3 million as the Group utilized more trade financing facilities and short term loans which was in line with the higher revenue in FY2004.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Group result in FY2004 is in line with the prospect statement made in the third quarter result announcement.

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

With the continuation of the global outsourcing trend for manufacturing, Asia (especially the PRC) will remain a major beneficiary as this region continues to develop as a manufacturing centre. Having two manufacturing facilities in the PRC, the Group is well positioned to take advantage of this growth potential.

The Group will continue to invest in enhancing its core capabilities and expanding its business network. The Group will continue to streamline its operations to increase its productivity and cost effectiveness. The Group will also actively pursue business expansion through new strategic alliances. In addition, the Group will implement several control measures which include gradual review of its selling price, tighter cost control and continuous improvement on operating efficiency.

Taking into account all of the above, our directors expects the Group and its subsidiaries to remain profitable in FY 2005.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per Share	S\$0.003	S\$0.007
Dividend Rate (in %)	3% per share	7% per share
Par value of shares	S\$0.10	S\$0.10
Tax Rate	Tax exempt	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per Share	S\$0.003	S\$0.003
Dividend Rate (in %)	3% per share	3% per share
Par value of shares	S\$0.10	S\$0.10
Tax Rate	Tax exempt	Exempt (one-tier)

(c) Date payable

To be announced later

(d) Books closure date

To be announced later

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable

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.**

	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Total S\$'000
31 December 2004 PROFIT AND LOSS STATEMENT				
Revenue	34,035	36,107	-	70,142
Result:				
Segment result	11,777	3,442	-	15,219
Other operating income				842
Gain on dilution / disposal of associate				4,580
Unallocated expenses				(10,257)
Profit from operations				10,384
Finance costs				(1,293)
Share of results of associates				3,710
Profit before income tax				12,801
Income tax expenses				(972)
Profit attributable to Group				11,829
Other information:				
Capital additions	2,370	4,614	-	6,984
Depreciation	2,475	440	-	2,915
Amortisation	-	-	(107)	(107)

	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Total S\$'000
31 December 2004 STATEMENT OF NET ASSETS				
Assets:				
Segment assets	59,842	31,669	-	91,511
Unallocated assets				26,479
Total assets				117,990
Liabilities:				
Segment liabilities	20,899	29,946	-	50,845
Unallocated liabilities				1,172
Total liabilities				52,017
	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Total S\$'000
31 December 2003 PROFIT AND LOSS STATEMENT				
Revenue	29,276	21,461	-	50,737
Result:				
Segment result	12,045	3,256	-	15,301
Other operating income				406
Gain on dilution / disposal of associate				123
Unallocated expenses				(8,563)
Profit from operations				7,267
Finance costs				(916)
Share of results of associates				4,164
Profit before income tax				10,515
Income tax expenses				(258)
Profit attributable to Group				10,257
Other information:				
Capital additions	5,453	148	374	5,975
Depreciation	2,532	63	297	2,892
Amortisation	-	-	(142)	(142)

	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Total S\$'000
31 December 2003 STATEMENT OF NET ASSETS				
Assets:				
Segment assets	55,610	17,895	-	73,505
Unallocated assets				35,582
Total assets				109,087
Liabilities:				
Segment liabilities	9,831	12,949	-	22,780
Unallocated liabilities				22,836
Total liabilities				45,616

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.

Please refer to Paragraph 8

15. A breakdown of sales.

	Group		
	31/12/2004	31/12/2003	% Change
Sales reported for first half year	S\$'000 34,523	S\$'000 20,528	68.2%
Profit attributable to the shareholders for first half year	5,215	4,515	15.5%
Sales reported for second half year	35,619	30,209	17.9%
Profit attributable to the shareholders for second half year	6,614	5,742	15.2%

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 (2004)	Previous Full Year (2003)
Ordinary	8,563,000	1,705,000
Preference	-	-
Total:	8,563,000	1,705,000

BY ORDER OF THE BOARD

Huang Shih-An
Chairman
25/2/2005