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

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.

INCOME STATEMENT FOR THE QUARTER ENDED 31 March 2005

	3 months ended 31/3/2005	Group 3 months ended 31/3/2004	% Increase/ (Decrease)
(S$'000)			
Revenue	17,966	17,886	0.45
Cost of Sales	(14,555)	(13,884)	4.83
Gross Profit	3,411	4,002	(14.77)
Other operating income	136	146	(6.85)
Selling and distribution costs	(666)	(633)	5.21
Administrative expenses	(1,692)	(1,590)	6.42
Profit from operations	1,189	1,925	(38.23)
Finance costs	(260)	(213)	22.07
Profit before income tax	929	1,712	(45.74)
Share of results from associates	72	926	(92.22)
Net Income	1,001	2,638	(62.05)
Income tax expense	(85)	(157)	(45.86)
Profit attributable to the shareholders	916	2,481	(63.08)

Profit after income tax is arrived at after (charging)/crediting the followings:

	3 months ended 31/3/2005	Group 3 months ended 31/3/2004	% Increase/ (Decrease)
(S$'000)			
Amortisation of goodwill, net	-	39	NM
Depreciation	(769)	(698)	10.17
Foreign exchange gain (net)	(23)	75	NM
Gain / (Loss) on disposal of plant and equipment	(3)	(3)	-
Interest Expenses	(260)	(213)	22.07
Interest Income	6	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

	Group		Company	
(S$'000)	31/03/2005	31/12/2004	31/03/2005	31/12/2004
ASSETS				
Current assets:				
Cash	6,128	6,586	22	55
Trade receivables	30,800	27,859	-	-
Other receivables and prepayments	3,782	3,396	2,432	2,697
Inventories	19,108	17,145	-	-
Total current assets	**59,818**	**54,986**	**2,454**	**2,752**
Non-current assets:				
Property, plant and equipment	37,232	36,605	-	-
Investment in subsidiaries	-	-	40,776	40,776
Due from subsidiaries	-	-	18,142	17,291
Investment in associates	19,365	19,013	-	-
Goodwill on consolidation	1,888	1,888	-	-
Negative goodwill on consolidation	-	(1,628)	-	-
Patents	22	22	-	-
Other investments	8,417	7,104	-	-
Total non-current assets	66,924	63,004	58,918	58,067
Total assets	**126,742**	**117,990**	**61,372**	**60,819**
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	27,764	22,271	-	-
Trade payables	17,692	13,942	-	-
Other payables	2,554	3,249	6,649	6,048
Income tax payable	52	217	-	-
Obligations under finance leases	1,985	2,100	-	-
Total current liabilities	**50,047**	**41,779**	**6,649**	**6,048**
Non-current liabilites:				
Obligations under finance leases	1,187	1,559	-	-
Long-term bank loans	6,623	8,631	-	-
Deferred income tax	9	48	-	-
Total non-current liabilities	7,819	10,238	-	-
Shareholders' equity	**68,876**	**65,973**	**54,723**	**54,771**
Total liabilities and equity	**126,742**	**117,990**	**61,372**	**60,819**
Net current assets / (liabilities)	9,771	13,207	(4,195)	(3,296)

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

Amount repayable in one year or less, or on demand

As at 31/3/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
S$'000 29,749	S$'000 Nil	S$'000 24,371	S$'000 Nil

Amount repayable after one year

As at 31/3/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
S$'000 7,810	S$'000 Nil	S$'000 10,190	S$'000 Nil

Details of any collateral

The credit facilities of the subsidiaries are secured the leasehold properties of Europtronic (Singapore) Pte Ltd, Europtronic Electronic (Shenzhen) Co., Ltd, and Europtronic Taiwan Ind Corp;

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 31/03/2005	Group 3 months ended 31/03/2004
Cash flows from operating activities:		
Profit before share of results of associates	929	1,712
Adjustments for:		
Amortisation of goodwill	-	(56)
Depreciation expense	769	698
Interest income	(6)	(2)
Interest expense	260	213
Loss on disposal of plant and equipment	3	3
Share option expenses	88	97
Operating profit before working capital changes	2,043	2,665
Trade receivables	(2,941)	(29)
Other receivables and prepayments	275	(336)
Inventories	(1,963)	658
Trade payables	3,750	(91)
Other payables	(695)	(891)
Cash generated from operations	469	1,976
Interest paid	(260)	(213)
Interest received	6	2
Income tax	(207)	(132)
Net cash from operating activities	8	1,633
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,396)	(2,925)
Deposit to purchase plant and equipment	(661)	-
Other investments	(1,313)	(348)
Net cash used in investing activities	(3,370)	(3,273)
Cash flows from financing activities:		
Increase in bank loans	3,469	3,262
Repayment of finance leases	(487)	(471)
Net cash (used in) from financing activities	2,982	2,791
Net effect of exchange rate changes in consolidating subsidiaries	(94)	(208)
Net increase in cash	(474)	943
Cash at beginning of year	6,417	6,042
Cash at end of year	5,943	6,985
Cash comprise of:		
Cash and bank balances	6,128	6,729
Fixed deposits	-	256
Bank overdraft	(185)	-
	5,943	6,985

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	Share option reserve	Proposed dividend	Accumulated profits (losses)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at 1 January 2004	**28,423**	**22,357**	**1,224**	**(3,318)**	**-**	**1,705**	**13,080**	**63,471**
Effect on adoption of FRS102	-	-	-	-	97	-	(97)	-
As restated	**28,423**	**22,357**	**1,224**	**- 3,318**	**97**	**1,705**	**12,983**	**63,471**
Profit for the period	-	-	-	-	-	-	2,578	2,578
Transfer	-	-	154	-	-	-	(154)	-
Translation adjustment	-	-	-	(2,106)	-	-	-	(2,106)
Balance at 31 March 2004	**28,423**	**22,357**	**1,378**	**(5,424)**	**97**	**1,705**	**15,407**	**63,943**
Balance at 1 January 2005	**34,231**	**16,888**	**1,754**	**(6,139)**	**-**	**3,423**	**15,816**	**65,973**
Effect on adoption of FRS103	-	-	-	-	-	-	1,628	1,628
Effect on adoption of FRS102	-	-	-	-	97	-	(97)	-
As restated	**34,231**	**16,888**	**1,754**	**(6,139)**	**97**	**3,423**	**17,347**	**67,601**
Profit for the period	-	-	-	-	-	-	916	916
Transfer	-	-	82	-	-	-	(82)	-
Translation adjustment	-	-	-	271	-	-	-	271
Effect on adoption of FRS102	-	-	-	-	88	-	-	88
Balance at 31 March 2005	**34,231**	**16,888**	**1,836**	**(5,868)**	**185**	**3,423**	**18,181**	**68,876**
Company								
Balance at 1 January 2004	**28,423**	**22,357**	**-**	**-**	**-**	**1,705**	**820**	**53,305**
Effect on adoption of FRS102	-	-	-	-	97	-	(97)	-
As restated	**28,423**	**22,357**	**-**	**-**	**97**	**1,705**	**723**	**53,305**
Loss for the period	-	-	-	-	-	-	(9)	(9)
Balance at 31 March 2004	**28,423**	**22,357**	**-**	**-**	**97**	**1,705**	**714**	**53,296**
Balance at 1 January 2005	**34,231**	**16,888**	**-**	**-**	**-**	**3,423**	**229**	**54,771**
Effect on adoption of FRS102	-	-	-	-	97	-	(97)	-
As restated	**34,231**	**16,888**	**-**	**-**	**97**	**3,423**	**132**	**54,771**
Loss for the period	-	-	-	-	-	-	(136)	(136)
Effect on adoption of FRS102	-	-	-	-	88	-	-	88
Balance at 31 March 2005	**34,231**	**16,888**	**-**	**-**	**185**	**3,423**	**(4)**	**54,723**

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

There was no change in the Company's share capital as at March 31, 2005 and 2004.

Option granted under the Europtronic Share Option Scheme outstanding as at March 31, 2005 is 2,011,600 (March 31, 2004: 3,064,000 as adjusted for bonus issue)

2. Whether the figures have been audited, or reviewed and in accordance wit 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 same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2004 have been applied in the preparation for the financial statements for quarter ended 31 March 2005 except that the Group has adopted new and revised Financial Reporting Standards ("FRS") which became effective on 1 January 2005. These new and revised FRS include: **FRS 102 - Share-based Payment** and **FRS 103 - Business Combinations**

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

FRS 102 - Share-based Payment

The Group's share options are equity settled, share-based compensation plans. FRS 102 requires the Group and the Company to recognize an expenses in the profit and loss statement for share options granted after 22 November 2002 and not vested by 1 January 2005, the effective date of FRS 102. The total amount of the expense will equal to the multiplication of the total number of share options that are expected to vest and the fair value of each option determined at the date of grant. The total amount of the expenses is recognized over the share options' vesting period. At each reporting date, the amount expensed should be adjusted to reflect the Group' and the Company's best estimate of the number of share options that will vest.

Under the transitional provision of FRS 102, the comparative financial information needs to be restated for all grants of share options to which the requirements of FRS 102 are applied. Accordingly, as a result of the adoption of FRS 102, the comparative financial information of the group for the quarter ended 31 March 2004 has been restated to include a charge of S$97K for the share option expenses applicable to that 1Q2004. In addition, the revenue reserves of the Group and the Company as at 1 January 2005 were reduced by S$97K for the share option expenses applicable for FY2004. The impact of the adoption of FRS 102 on the net profit of the Group and the Company for 1Q2005 was a charge of S$88K.

FRS 103 - Business Combinations

FRS 103 requires the inclusion of items such as intangible assets and contingent liabilities at their fair values at the acquisition date as part of the identifiable assets and liabilities acquired upon acquisition of subsidiaries, associated companies and businesses. The adoption of FRS 103 has also resulted in the Group ceasing annual goodwill amortisation from 1 January 2005. The goodwill will be reviewed for impairment annually at the cash generating unit level (unless an event occurs during the year which requires the goodwill to be tested more frequently) from 1 January 2005 in accordance with FRS 36. The cessation of goodwill amortisation has resulted in a cost saving of S$28,000 in the first quarter 2005.

In addition, the negative goodwill arising from consolidation is transferred to reserve upon adoption of FRS103

Apart from the above, the Company adopted various revisions in FRS, applicable from 1 January 2005. These do not have any financial impact on the Company. Therefore, apart from the changes in accounting policies arising from the adoption of new FRS mentioned above, the Company continues to adopt the same accounting policies as in FY2004.

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	
	31/3/2005	31/3/04
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	0.27 cents	0.76 cents
(ii) On a fully diluted basis	0.27 cents	0.75 cents

a. EPS for quarter ended March 31, 2005 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 342,304,577 (31/3/2004 : 341,071,380 as adjusted for bonus issue) ordinary shares of S$0.10 each.

b. There is no dilution in respect of the shares option outstanding as at March 31, 2005.

Fully diluted EPS for quarter ended March 31, 2004 is calculated on 341,846,077 (as adjusted for bonus issue) 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		
	31/3/05	31/12/04	Change	31/3/05	31/12/04	Change
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	19.57 cents	19.23 cents	3.7%	15.99 cents	16.00 cents	2.4%

Note:
The NTA per ordinary share is based on 342,304,577 (31/12/2004 : 342,304,577) 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

Income Statement

The Group's revenue increased marginally from S$17.9 million in 1Q2004 to S$18.0 million in 1Q2005. The increase in the distribution business of S$0.8 million was largely offset by a decrease in the manufacturing business of S$0.7m. The overall gross profit margin in 1Q2005 was lower. Gross profit margin for the manufacturing business was lower due to increase in raw material and labour cost. The distribution business enjoyed better gross profit margin as a result of higher sales volume for passive components, which generally command better margin.

The share of results from associate, Eucon Holding Limited ("Eucon"), decreased to S$0.1 million in 1Q2005. This was due mainly to weaker demand for its laser drilling operations and higher administrative expenses incurred for its China subsidiaries.

In addition, the Group's effective interest in Eucon had been reduced from 39.9% to 26.9% from September 2004 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.

Compared to 1Q2004, the selling and distribution costs and administrative expenses in 1Q 2005 registered a slight increase. Profit before income tax decreased to S$1.0 million in 1Q2005 due to lower gross profit and share of results from associate.

Income tax expense decreased to S$0.1 million in 1Q2005. This was mainly due to the decrease in share of tax from Eucon.

Balance Sheet

Inventories have increased to S$19.1 million. The increase in inventories was due mainly to additional inventory purchases for the distribution business and will be delivered to the customers in the second quarter of FY2005. The increase in inventory purchases has resulted in the increase in trade payable as at 31 March 2005.

Trade receivables have increased to S$30.8 million. Based on the average credit term granted to the customers, sales generated in the last quarter of FY 2004 will be collected in the second quarter of FY 2005. The Group has implemented a stringent debts collection procedure and these efforts will continue in FY 2005.

Through its wholly owned subsidiary – Europtronic Investment Pte Ltd, the Group has participated in a public convertible bond offered by Evox Rifa Group Oyj in March 2005. The cash consideration of EUR600,000 (S$1.3 million) was funded by internal source of funds.

Bank loans rose to S$27.8 million as the increase included a short term loan of S$2.1 million which was previously included in the long term bank loans. In addition,the Group utilized more trade financing facilities and short term loans for purchases of goods.

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 strives to continue its strategies on increasing the value-added content in its services to its customers, increasing its product lines and expanding its customer base.

In addition, the Group will continue to invest in enhancing its core capabilities and expanding its business network. Since the last quarter of FY2004, the Group has implemented several control measures which include gradual review of its selling price, tighter cost control and continuous improvement on operating efficiency. Such efforts will continue in FY2005.

The Group will also continue to adopt strategies such as strategic alliances and business diversification to increase its competitive advantage so that it can maximise the shareholders' values in the long run. The Group believes that it is well positioned to cope with the challenging time ahead.

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

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.

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.

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 (2004)	Previous Full Year (2003)
Ordinary	-	-
Preference	-	-
Total:	-	-

BY ORDER OF THE BOARD

Huang Shih-An
Chairman
14/5/2005