

Third 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.

	9 months ended 30/9/2005	Group 9 months ended 30/9/2004	% Increase/ (Decrease)	3 months ended 30/9/2005	Group 3 months ended 30/9/2004	% Increase/ (Decrease)
(S\$'000)						
Revenue	59,420	51,846	14.61	23,889	17,323	37.90
Cost of Sales	(48,206)	(38,519)	25.15	(20,021)	(11,997)	66.88
Gross Profit	11,214	13,327	(15.86)	3,868	5,326	(27.38)
Other operating income	1,029	1,817	(43.37)	334	1,570	(78.73)
Selling and distribution costs	(2,291)	(2,071)	10.62	(796)	(686)	16.03
Administrative expenses	(5,222)	(5,044)	3.53	(1,821)	(1,877)	(2.98)
Profit from operations	4,730	8,029	(41.09)	1,585	4,333	(63.42)
Finance costs	(1,229)	(791)	55.37	(503)	(297)	69.36
Profit before income tax	3,501	7,238	(51.63)	1,082	4,036	(73.19)
Share of results from associates	1,294	2,815	(54.03)	1,042	409	NM
Net Income	4,795	10,053	(52.30)	2,124	4,445	(52.22)
Income tax expense	(401)	(674)	(40.50)	(238)	(281)	(15.30)
Profit attributable to the shareholders	4,394	9,379	(53.15)	1,886	4,164	(54.71)
Profit after income tax is arrived at after (charging)/crediting the followings:						
	9 months ended 30/9/2005	Group 9 months ended 30/9/2004	% Increase/ (Decrease)	3 months ended 30/9/2005	Group 3 months ended 30/9/2004	% Increase/ (Decrease)
(S\$'000)						
Amortisation of goodwill, net	-	82	(100.00)	-	27	(100.00)
Depreciation	(2,347)	(2,041)	14.99	(787)	(633)	24.33
Foreign exchange gain / (Loss) (net)	(56)	138	NM	(72)	4	NM
(Loss) on disposal of plant and equipment	(4)	(9)	(55.56)	(1)	(5)	(80.00)
Interest Expenses	(1,229)	(791)	55.37	(503)	(297)	69.36
Interest Income	12	7	71.43	1	2	(50.00)
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	
	30/09/2005	31/12/2004	30/09/2005	31/12/2004
ASSETS				
Current assets:				
Cash	9,485	6,586	89	55
Trade receivables	35,015	27,859	-	-
Other receivables and prepayments	7,968	3,396	2,060	2,697
Inventories	19,975	17,145	-	-
Total current assets	72,443	54,986	2,149	2,752
Non-current assets:				
Property, plant and equipment	37,830	36,605	-	-
Investment in subsidiaries	-	-	40,776	40,776
Due from subsidiaries	-	-	17,383	17,291
Investment in associates	19,512	19,013	-	-
Goodwill on consolidation	1,888	1,888	-	-
Negative goodwill on consolidation	-	(1,628)	-	-
Patents	21	22	-	-
Other investments	8,420	7,104	-	-
Total non-current assets	67,671	63,004	58,159	58,067
Total assets	140,114	117,990	60,308	60,819
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	34,922	22,271	-	-
Trade payables	21,713	13,942	-	-
Other payables	4,499	3,249	9,184	6,048
Income tax payable	168	217	-	-
Obligations under finance leases	1,683	2,100	-	-
Total current liabilities	62,985	41,779	9,184	6,048
Non-current liabilities:				
Obligations under finance leases	860	1,559	-	-
Long-term bank loans	5,537	8,631	-	-
Deferred income tax	48	48	-	-
Total non-current liabilities	6,445	10,238	-	-
Shareholders' equity	70,684	65,973	51,124	54,771
Total liabilities and equity	140,114	117,990	60,308	60,819
Net current assets / (liabilities)	9,458	13,207	(7,035)	(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 30/9/2005	As at 31/12/2004
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,990	33,615	24,371	Nil

Amount repayable after one year

As at 30/9/2005	As at 31/12/2004
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,314	1,083	10,190	Nil

Details of any collateral

The mortgage loans of the subsidiaries are secured by 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

	Group 9 months ended 30/09/2005	Group 9 months ended 30/09/2004	Group 3 months ended 30/09/2005	Group 3 months ended 30/09/2004
(S\$'000)				
Cash flows from operating activities:				
Profit before share of results of associates	3,501	7,238	1,082	4,036
Adjustments for:				
Depreciation expense	2,347	2,041	787	635
Amortisation of goodwill	-	(82)	-	(27)
Interest income	(12)	(7)	(1)	(2)
Interest expense	1,229	791	503	297
Gain on disposal of shares in associate	-	(1,508)	-	(1,508)
Loss (Gain) on disposal of plant and equipment	(58)	9	(55)	5
Share option expenses	88	-	-	-
Operating profit before working capital changes	7,095	8,482	2,316	3,436
Trade receivables	(7,156)	(3,278)	(5,110)	(1,204)
Other receivables and prepayments	(4,100)	1,516	(2,914)	1,089
Inventories	(2,830)	(3,077)	205	1,117
Trade payables	7,771	(1,400)	3,311	(6,061)
Other payables	1,250	(845)	2,897	185
Cash generated from operations	2,030	1,398	705	(1,438)
Interest paid	(1,229)	(791)	(503)	(297)
Interest received	12	7	1	2
Income tax paid	(456)	(336)	(109)	(162)
Net cash from operating activities	357	278	94	(1,895)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(3,572)	(5,662)	(845)	(333)
Deposit to purchase property, plant and equipment	(262)	-	-	-
Disposal of property, plant and equipment	-	12	-	10
Other investments	(851)	(162)	-	11
Dividend received from associate	768	1,347	-	1,347
Disposal of shares in associate	-	4,261	-	4,261
Net cash used in investing activities	(3,917)	(204)	(845)	5,296
Cash flows from financing activities:				
Proceeds from issuing shares	-	297	-	-
Increase in Convertible Bonds	-	(1,265)	-	(5)
Increase (Decrease) in loans	9,557	8,520	(149)	1,176
(Decrease) Increase in obligations under finance lease	(1,116)	(396)	(626)	426
Dividend paid	(3,423)	(1,705)	-	-
Net cash from financing activities	5,018	5,451	(775)	1,597
Net effect of exchange rate changes in consolidating subsidiaries	1,610	(1,451)	1,135	(1,025)
Net (decrease) increase in cash and cash equivalents	3,068	4,074	(391)	3,973
Cash and cash equivalents at beginning of year	6,417	6,042	9,876	6,143
Cash and cash equivalents at end of period	9,485	10,116	9,485	10,116
CASH AND CASH EQUIVALENTS				
Cash and bank balances	9,484	9,859	9,484	9,859
Fixed deposits	1	257	1	257
Bank overdraft	-	-	-	-
	9,485	10,116	9,485	10,116

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 July 2004 (Restated)	34,216	16,861	1,537	(3,726)	97	-	17,885	66,870
Profit for the period	-	-	-	-	-	-	4,164	4,164
Proposed Dividend	-	-	-	-	-	5,135	(5,135)	-
Transfer	-	-	276	-	-	-	(276)	-
Translation adjustment	-	-	-	(1,048)	-	-	-	(1,048)
Balance at 30 September 2004 (Restated)	34,216	16,861	1,813	(4,774)	97	5,135	16,638	69,986
Balance at 1 July 2005	34,231	16,888	1,955	(4,509)	185	-	19,654	68,404
Profit for the period	-	-	-	-	-	-	1,886	1,886
Transfer	-	-	104	-	-	-	(104)	-
Translation adjustment	-	-	-	394	-	-	-	394
Balance at 30 September 2005	34,231	16,888	2,059	(4,115)	185	-	21,436	70,684
Company								
Balance at 1 July 2004 (Restated)	34,216	16,861	-	-	97	-	2,017	53,191
Profit for the period	-	-	-	-	-	-	4,718	4,718
Proposed Dividend	-	-	-	-	-	5,135	(5,135)	-
Balance at 30 September 2004 (Restated)	34,216	16,861	-	-	97	5,135	1,600	57,909
Balance at 1 July 2005	34,231	16,888	-	-	185	-	(96)	51,208
Loss for the period	-	-	-	-	-	-	(84)	(84)
Balance at 30 September 2005	34,231	16,888	-	-	185	-	(180)	51,124

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

There were no changes in the Company's share capital since the end of both financial periods reported on.

Option granted under the Eurotronic Share Option Scheme outstanding as at September 30, 2005 is 1,693,600 (September 30, 2004: 2,163,600 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**

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 FY2004 has been restated on 1Q2004 to include a charge of S\$97K for the share option expenses. 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 was a charge of S\$88K and has been reflected on 1Q2005 result.

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\$82,000 for the nine months ended September 30, 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	
	9 months ended 30/9/05	9 months ended 30/9/04
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	1.28 cents	2.74 cents
(ii) On a fully diluted basis	1.28 cents	2.74 cents

	Group	
	3 months ended 30/9/05	3 months ended 30/9/04
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	0.55 cents	1.22 cents
(ii) On a fully diluted basis	0.55 cents	1.22 cents

- a. For nine months ended 30 September 2005, Earnings per ordinary share ('EPS') on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 342,304,577 (30/09/2004 : 341,824,941) ordinary shares of S\$0.10 each.
- b. For three months ended 30 September 2005, EPS on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 342,304,577 (30/09/2004 : 342,152,577) ordinary shares of S\$0.10 each.
- c. There is no dilution in respect of the share options outstanding for nine months ended 30 September, 2005.

For nine months ended 30 September, 2004, fully diluted EPS is calculated on 342,238,570 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.

- d. There is no dilution in respect of the share options outstanding for three months ended 30 September, 2005.

For three months ended 30 September 2004, fully diluted EPS is calculated on 342,566,206 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		
	30/09/05	31/12/04	Change	30/09/05	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	20.01 cents	19.23 cents	4.1%	14.94 cents	16.00 cents	(6.6)%

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

Third quarter

The Group's turnover increased by S\$6.6 million to S\$23.9 million in 3Q2005 as compared to 3Q2004. The increase was contributed by both distribution and manufacturing businesses as order flows from both segments remained strong.

The overall gross profit margin in 3Q2005 was lower because higher revenue was recorded from the distribution business which yielded lower margin than manufacturing business.

The share of results from associate, Eucon Holding Limited ("Eucon"), increased to S\$1.0 million in 3Q2005. This was due mainly to better utilization rate of its laser drilling and PCB manufacturing operations.

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.

Due to expansion of business and distribution network of the Group, certain related selling and distribution and administrative expenses have increased accordingly. Finance cost increased as a result of higher utilization of banking facilities for working capital and higher interest rate in 3Q2005 as compared to 3Q2004.

Despite the higher share of results from associate in 3Q2005, profit before income tax decreased to S\$2.1 million in 3Q2005. This is mainly due to lower gross profit and in 3Q2004, there was a one time gain of S\$1.5 million from the disposal of shares in Eucon.

First nine months

The Group's revenue increased by S\$7.6 million to S\$59.4 million for the first nine months in 2005. The increase was contributed by both manufacturing and distribution businesses as order flows from both segments remained strong.

The overall gross profit margin for the first nine months was lower. Gross profit margin for the manufacturing business was lower due to a change in product mix, increase in raw material and labour cost. The distribution business enjoyed better gross profit margin as a result of more sales of passive components which generally command better margin.

The share of results from associate which was contributed by Eucon, has decreased to S\$1.3 million for the first nine months in 2005. This was due mainly to weaker demand for its laser drilling operations in 1H2005. In addition, growing activities for its PCB manufacturing operations in China has resulted higher administrative expenses incurred.

Profit before tax decreased to S\$4.8 million for the first nine months. The reduction in profitability was due to lower gross profit and in 3Q2004, there was a one time gain of S\$1.5 million from the disposal of shares in Eucon.

Balance Sheet

Inventories have increased to S\$20.0 million because the Group is expecting higher sales in 4Q2005. This increase has also resulted in the increase in trade payable as at 30 September 2005.

Trade receivables have increased to S\$35.0 million which was reflective of higher sales generated in 3Q2005. The Group has implemented a stringent debts collection procedure and these efforts will continue in FY 2005.

Through its wholly owned subsidiary – Eurotronic 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\$40.5 million as a result of higher utilisation 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 outlook of the electronics sector in 3Q2005 has shown improvement over 2Q2005. The positive growth in the demand for electronic products, such as PCs, notebooks and mobile phones in 3Q2005 is expected to continue in 4Q2005. Coupled with seasonal demand in 4Q2005, the Group can expect to achieve an increase in its revenue in 4Q2005.

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 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? 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.

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
10/11/2005