

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.

	Group		
	Year	Year	%
	ended 31/12/2006	ended 31/12/2005	Increase/ (Decrease)
(S\$'000)			
Revenue	76,853	81,979	(6.25)
Cost of sales	(69,586)	(66,925)	3.98
Gross profit	7,267	15,054	(51.73)
Other operating income	1,189	1,209	(1.65)
Selling and distribution expenses	(11,732)	(3,415)	NM
Administrative expenses	(6,554)	(7,157)	(8.43)
Share of results from an associate	4,125	3,383	21.93
Finance costs	(2,984)	(2,126)	40.36
(Loss)/profit before taxation	(8,689)	6,948	NM
Taxation (Note 1)	(581)	(244)	NM
(Loss)/profit for the financial year	(9,270)	6,704	NM
Attributable to:			
Shareholders of the Company	(9,243)	6,704	NM
Minority interest	(27)	-	NM
	(9,270)	6,704	
(Loss)/profit for the financial year is arrived at after (charging)/crediting the following:			
	Group		
	Year	Year	%
	ended 31/12/2006	ended 31/12/2005	Increase/ (Decrease)
(S\$'000)			
Depreciation of property, plant and equipment	(3,358)	(3,069)	9.42
Foreign exchange gain, net	908	257	NM
Interest expenses	(2,984)	(2,126)	40.36
Interest income	88	180	(51.11)
Allowance for inventories obsolescence	(7,501)	(13)	NM
Amortisation of intangible assets	(37)	(5)	NM
Allowance for doubtful debts (Trade)	(577)	-	NM
Allowance for doubtful debts (Non trade)	(175)	-	NM
Gain on disposal of property, plant and equipment	2	28	(92.86)
NM: Not meaningful			

	Year ended	Year ended
	31/12/2006	31/12/2005
Note 1: Taxation		
The charge for taxation is made up of the following:-		
Current taxation		
- Singapore	84	(72)
- Overseas	(864)	(283)
Deferred taxation	8	99
	(772)	(256)
Over provision in respect of prior years	190	12
	(582)	(244)

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	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Current assets:				
Cash and bank balances	6,750	11,414	113	415
Trade receivables	22,534	28,729	-	-
Investment securities	15,884	-	6	-
Other receivables and prepayments	4,850	6,031	18,484	3,370
Inventories	14,974	22,585	-	-
Total current assets	64,992	68,759	18,603	3,785
Non-current assets:				
Property, plant and equipment	40,917	39,125	-	-
Investments in subsidiaries	-	-	41,675	58,154
Investment in an associate	-	22,326	-	-
Goodwill on consolidation	2,875	1,888	-	-
Intangible assets	819	873	-	-
Deferred taxation	252	51	-	-
Long-term investments	6,355	6,355	-	-
Total non-current assets	51,218	70,618	41,675	58,154
Total assets	116,210	139,377	60,278	61,939
Current liabilities:				
Interest-bearing loans and borrowings	46,599	38,347	1,500	-
Trade payables	11,260	18,497	-	-
Other payables	3,300	3,260	7,959	1,439
Provision for taxation	390	393	68	-
Obligations under finance leases	517	1,108	-	-
Total current liabilities	62,066	61,605	9,527	1,439
Non-current liabilities:				
Obligations under finance leases	220	592	-	-
Deferred taxation	18	-	-	-
Loan from a subsidiary	-	-	-	5,500
Long-term bank loans	5,219	4,291	-	-
Total non-current liabilities	5,457	4,883	-	5,500
Equity				
Share capital	50,520	34,231	50,520	34,231
Share premium	-	16,962	-	16,962
Legal reserves	2,264	2,239	-	-
Foreign currency translation reserves	(6,938)	(4,220)	-	-
Share option reserves	185	185	185	185
Fair value adjustment reserves	2,191	-	(1)	-
Revenue reserves	47	23,492	47	3,622
	48,269	72,889	50,751	55,000
Minority interest	418	-	-	-
Total equity	48,687	72,889	50,751	55,000
Total liabilities and equity	116,210	139,377	60,278	61,939
Net current assets	2,926	7,154	9,076	2,346

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31/12/2006	As at 31/12/2005
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,287	40,829	2,521	36,934

Amount repayable after one year

As at 31/12/2006	As at 31/12/2005
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,439	Nil	4,883	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 Tech 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 12 months ended 31/12/2006	Group 12 months ended 31/12/2005
Cash flows from operating activities:		
(Loss)/profit before taxation	(8,689)	6,948
Adjustments for:		
Amortisation of intangible assets	37	5
Depreciation of property, plant and equipment	3,358	3,069
Interest income	(88)	(180)
Interest expense	2,984	2,126
Gain on disposal of property, plant and equipment	(2)	(28)
Allowance for inventories obsolescence	7,501	13
Allowance for doubtful debts (trade)	577	-
Allowance for doubtful debts (non-trade)	175	-
Share of results from an associate	(4,125)	(3,383)
Fair value of share options granted	-	88
Operating profit before working capital changes	1,728	8,658
Decrease/(increase) in trade receivables	7,694	(870)
Decrease/(increase) in other receivables and prepayments	1,372	(2,909)
Decrease/(increase) in inventories	746	(5,453)
(Decrease)/increase in trade payables	(8,057)	4,555
(Decrease)/increase in other payables	(366)	11
Cash generated from operations	3,117	3,992
Interest paid	(2,984)	(2,126)
Interest received	88	180
Income tax (paid)/refunded	(476)	117
Net cash (used in)/generated from operating activities	(255)	2,163
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,087)	(4,329)
Proceeds from disposal of plant and equipment	1,218	215
Acquisition of a subsidiary, net of cash acquired (Note 1)	(2,493)	-
Dividends received from an associate	768	768
Purchase of long-term unquoted convertible bond	-	(1,314)
Redemption of long-term unquoted convertible bond	-	1,260
Acquisition of patents	-	(39)
Net cash used in investing activities	(3,594)	(3,439)
Cash flows from financing activities:		
Proceeds from bank loans, net	7,650	11,905
Repayment of finance leases	(963)	(2,533)
Payment of dividends	(3,386)	(3,423)
Share buy-back	(673)	-
Net cash generated from financing activities	2,628	5,949
Net effect of exchange rate changes in consolidating subsidiaries	(3,443)	324
Net (decrease)/increase in cash and cash equivalents	(4,664)	4,997
Cash and cash equivalents at beginning of year	11,414	6,417
Cash and cash equivalents at end of year	6,750	11,414

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	<u>(1,509)</u>
Fair values of net assets acquired	1,983
Goodwill on acquisition	988
Minority interest	<u>(444)</u>
Purchase consideration	2,527
Cash of subsidiary acquired	<u>(34)</u>
Net cash outflow on acquisition of subsidiaries	<u><u>2,493</u></u>

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	Minority interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
Balance at 1 January 2005	34,231	16,962	1,754	(6,139)	97	20,696	-	-	67,601
Fair value of share options granted	-	-	-	-	88	-	-	-	88
Profit for the financial year	-	-	-	-	-	6,704	-	-	6,704
Transfers	-	-	485	-	-	(485)	-	-	-
Dividends paid	-	-	-	-	-	(3,423)	-	-	(3,423)
Net effect of exchange differences	-	-	-	1,919	-	-	-	-	1,919
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
Dividends paid	-	-	-	-	-	(3,386)	-	-	(3,386)
Loss for the financial year	-	-	-	-	-	(9,243)	-	(27)	(9,270)
Dividend - in specie declared	-	-	-	-	-	(12,182)	-	-	(12,182)
Share buy-back	(673)	-	-	-	-	-	-	-	(673)
Transfer from revenue reserve to legal reserve	-	-	25	-	-	(25)	-	-	-
Transfer of share premium reserve to issued share capital account	16,962	(16,962)	-	-	-	-	-	-	-
Net gain on fair value changes	-	-	-	-	-	-	2,191	-	2,191
Fair value adjustment arising from dividend in specie	-	-	-	-	-	1,391	-	-	1,391
Translation adjustments	-	-	-	(2,718)	-	-	-	1	(2,717)
Balance at 31 December 2006	50,520	-	2,264	(6,938)	185	47	2,191	418	48,687
Company									
Balance at 1 January 2005	34,231	16,962	-	-	97	3,481	-	-	54,771
Fair value of share options granted	-	-	-	-	88	-	-	-	88
Profit for the financial year	-	-	-	-	-	3,564	-	-	3,564
Dividends paid	-	-	-	-	-	(3,423)	-	-	(3,423)
Balance at 31 December 2005	34,231	16,962	-	-	185	3,622	-	-	55,000
Dividends paid	-	-	-	-	-	(3,386)	-	-	(3,386)
Profit for the financial year	-	-	-	-	-	14,362	-	-	14,362
Dividends - in specie declared	-	-	-	-	-	(12,182)	-	-	(12,182)
Share buy-back	(673)	-	-	-	-	-	-	-	(673)
Transfer of share premium reserve to issue share capital account	16,962	(16,962)	-	-	-	-	-	-	-
Fair value adjustment arising from dividend in specie	-	-	-	-	-	(2,369)	-	-	(2,369)
Net loss on fair value changes	-	-	-	-	-	-	(1)	-	(1)
Balance at 31 December 2006	50,520	-	-	-	185	47	(1)	-	50,751

Note: On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" were abolished. In addition, the amount standing in the share premium reserve had been transferred to the share capital account.

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.

The balance standing to the credit share premium account as of 30 January 2006 had been transferred to the share capital account in accordance with the Companies (Amendments) Act No. 21 of 2005.

Option granted under the Eurotronic Share Option Scheme outstanding as at 31 December 2006 is 1,290,200 (31 December 2005: 1,654,000)

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 2005.

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	
	2006	2005
(Loss)/earnings per ordinary share for the financial year		
(i) Based on weighted average number of ordinary shares in issue ; and	(2.72 cents)	1.96 cents
(ii) On a fully diluted basis	(2.72 cents)	1.96 cents

(i) EPS for year ended December 31, 2006 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 340,229,235 (31/12/2005 : 342,304,577) ordinary shares of S\$0.10 each.

(ii) There is no dilution in respect of the shares option outstanding for the end of both financial years 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		
	31/12/06	31/12/05	Change	31/12/06	31/12/05	Change
Net asset value ("NAV") backing per ordinary share based on existing issued share capital as at the end of the period reported on	14.26 cents	21.29 cents	(33.02%)	14.99 cents	16.07 cents	(6.72%)

Note:

The NAV per ordinary share is computed based on number of shares in issue of 338,554,577 (31/12/2005 : 342,304,577) as at 31 December 2006.

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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 decreased by S\$5.1 million to S\$76.9 million in FY2006. The decrease in manufacturing business was partially offset by the increase in distribution business. In FY2006, certain existing production capacity had been reallocated from the existing customers to the new customer. However, longer ramp up production phase from the new customer has resulted in a lower turnover in the manufacturing business.

The overall decrease in gross profit margin in FY2006 was attributable to an increase in raw material and labour cost as well as non-optimized production level.

The decrease in operating results for FY2006 was due to the following:

- (i) lower gross profit;
- (ii) an increase in selling and distribution expenses mainly as a result of the allowance for obsolescence of \$7.5 million made for inventories that do not comply with the requirement of the European Union's Regulation on Hazardous Substance (ROHS). The ROHS prohibits items/materials that are deemed environmentally hazardous from entering the European Union countries with effect from July 2006. The Group's obsolete inventories contain some of these substances deemed environmentally hazardous by the ROHS;
- (iii) Higher finance cost as a result of higher utilisation of banking facilities for the Group's working capital

The overall decrease in the operating results was partially offset by the increase in the share of results from an associate, Eucon, of S\$0.7 million in FY2006.

Balance Sheet

Inventories decreased to S\$14.9 million. The decrease in inventories was due mainly to the allowance for obsolescence made for inventories that do not comply with the requirement of the ROHS.

Trade receivables decreased to S\$22.6 million which was due mainly to payments received from the customers in FY 2006. In addition, the decrease in trade receivables was also due to the allowance for doubtful debts made for those slow paying customers whom the Group had ceased business dealings with. The Group has implemented and will continue with its stringent debt collection policy.

Bank loans rose to S\$51.9 million due to the drawdown of trade financing facilities for the Group's working capital purposes. The increase in bank loans was also due to a long term bank loan of S\$1.5 million undertaken by the Group's newly acquired subsidiary, Housing Tech Corp.

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

The Company had on 8 August 2006 announced that the Group was to remain profitable in FY 2006. On 16 February 2007, the Company released a profit warning statement on its preliminary review of the Group's performance. Further details of the Group's performance are disclosed in Item 8 of this 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

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 Multi-National Corporations.

Given the challenges ahead, the Group will continue to improve the effectiveness and efficiency of its operations and increase its sales & distribution networks. The Group will also continue to venture into product application for new industry such as lighting and energy sector.

In addition, the Group has placed great emphasis on product development and cost reduction measures to improve its competitiveness. It will also continue to tap on the new markets such as India.

The Group stands firm on achieving 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?

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 (one-tier)	Tax exempt

(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.

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	Elimination S\$'000	Total S\$'000
31 December 2006 PROFIT AND LOSS STATEMENT					
Revenue					
- External	25,928	50,925	-	-	76,853
- Internal	22,093	39,785	-	(61,878)	-
Total revenue	48,021	90,710	-	(61,878)	76,853
Result:					
Segment results	2,010	5,257	-	-	7,267
Other operating income					1,189
Unallocated expenses					(18,286)
Finance costs					(2,984)
Share of results from an associate	4,125				4,125
Loss before taxation					(8,689)
Taxation					(581)
Loss attributable to the shareholders					(9,270)
Other segment information:					
Capital expenditure	2,674	413	-	-	3,087
Depreciation of property, plant and equipment	2,894	464	-	-	3,358
Amortisation of intangible assets	37	-	-	-	37
Allowance for inventories obsolescence	6,863	638	-	-	7,501
Allowance for doubtful debts (Trade)	323	254	-	-	577
Allowance for doubtful debts (Non trade)	-	-	175	-	175
Gain on disposal of property, plant and equipment	(2)	-	-	-	(2)
31 December 2006 STATEMENT OF NET ASSETS					
Assets:					
Segment assets	53,944	28,934	-	-	82,878
Unallocated assets					33,332
Total assets					116,210
Liabilities:					
Segment liabilities	22,561	43,054	-	-	65,615
Unallocated liabilities					1,908
Total liabilities					67,523

	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Elimination S\$'000	Total S\$'000
31 December 2005 PROFIT AND LOSS STATEMENT					
Revenue					
- External	34,042	47,937	-	-	81,979
- Internal	22,626	28,646	-	(51,272)	-
Total revenue	56,668	76,583	-	(51,272)	81,979
Result:					
Segment results	10,773	4,281	-	-	15,054
Other operating income					1,209
Unallocated expenses					(10,572)
Finance costs					(2,126)
Share of results from an associate	3,383				3,383
Profit before taxation					6,948
Taxation					(244)
Profit attributable to the shareholders					6,704
Other segment information:					
Capital expenditure	3,694	1,229	-	-	4,923
Depreciation of property, plant and equipment	2,563	506	-	-	3,069
Amortisation of intangible assets	5	-	-	-	5
Allowance for inventories obsolescence	13	-	-	-	13
Gain on disposal of property, plant and equipment	(50)	22	-	-	(28)
31 December 2005 STATEMENT OF NET ASSETS					
	Manufacturing S\$'000	Distribution S\$'000	Unallocated S\$'000	Elimination S\$'000	Total S\$'000
Assets:					
Segment assets	64,448	42,846	-	-	107,294
Unallocated assets					32,083
Total assets					139,377
Liabilities:					
Segment liabilities	20,399	45,893	-	-	66,292
Unallocated liabilities					196
Total liabilities					66,488

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.

	31/12/2006	31/12/2005	% Increase/(decrease)
Sales reported for first half year	S\$'000 42,050	S\$'000 35,531	18.35
Profit attributable to the shareholders for first half year	3,060	2,508	22.00
Sales reported for second half year	34,803	46,448	(25.07)
(Loss)/profit attributable to the shareholders for second half year	(12,303)	4,196	NM

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 (2006)	Previous Full Year (2005)
Ordinary	12,182,000	3,423,000
Preference	-	-
Total:	12,182,000	3,423,000

By Order of the Board

Huang Shih An
Chairman and CEO
28 February 2007